

CANADIAN MUSEUM FOR HUMAN RIGHTS QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2012

(Unaudited)

Canadian Museum for Human Rights

Quarterly Financial Report

For the three months ended June 30, 2012

The quarterly financial statements for the Canadian Museum for Human Rights (CMHR) (the Corporation) must be read in conjunction with the March 31, 2012 Management Discussion and Analysis and Annual Audited Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Refer to Management's Discussion and Analysis as presented in the March 31, 2012 Annual Report. Updates for the quarter ended June 30, 2012 are as follows.

Statement of Financial Position: June 30, 2012

Total Assets increased \$3.6 million from \$283.3 million at March 31, 2012 to \$286.9 million at June 30, 2012 due to the increase in Assets under construction offset by the use of Restricted cash and cash equivalents and Restricted 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 \$3.6 million from March 31, 2012 due to an increase in Accounts payable and accrued liabilities due to timing of cash flows.

Net assets increased by \$0.2 million from March 31, 2012 representing the \$0.1 million revenue over expenses and \$0.1 million net remeasurement gain on investments reclassified to Deferred contributions.

Statement of Operations: For the three months ended June 30, 2012

Parliamentary appropriations were \$2.9 million for the three months ended June 30, 2012 in comparison to \$2.1 million for the three months ended June 30, 2011 due to a difference in the timing of the requests for appropriations.

Expenses for the three months ended June 30, 2012 were \$2.8 million in comparison to \$2.5 million for the three months ended June 30, 2011. The increase in expenses is mainly attributable to an increase in professional services to assist with and monitor operational readiness and an increase in salaries primarily in the Museum content and program area.

Canadian Museum for Human Rights

Quarterly Financial Report

For the three months ended June 30, 2012

Cash Flow: For the three months ended June 30, 2012

Cash and cash equivalents decreased by \$4.9 million in the three months ended June 30, 2012 primarily due to \$14.1 million used for construction offset by \$8.2 million realized from the sale of investments. This is compared to the decrease in cash and cash equivalents of \$1.6 million in the three months ended June 30, 2011 primarily due to the timing of the receipt of operational appropriations.

Outlook and Risk Analysis:

Management continues to monitor risks and strategies related to the Capital Project. The building will be on track for substantial completion by year-end and 100% of the base building has now been tendered.

The Museum continues to work towards inauguration in 2014, as announced at the Museum's Annual Public Meeting in December 2011, and has aligned project and work plans accordingly. CMHR along with the continued commitment from the Friends of the CMHR were able to secure a \$35 million loan guarantee from the Province of Manitoba. This commitment, together with the support of the Government of Canada, the City of Winnipeg and the leadership of the private sector, has helped enable the Museum to confirm timeline for the 2014 Inauguration.

Canadian Museum for Human Rights

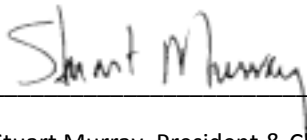
Quarterly Financial Report

For the three months ended June 30, 2012

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
August 22, 2012



Susanne Robertson, CA, Chief Financial Officer

Winnipeg, Canada
August 22, 2012

Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2012

(Unaudited)

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

| As at | June 30, 2012 | March 31, 2012 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 5,170 | \$ 4,972 |
| Restricted cash and cash equivalents (note 3) | 13,402 | 18,523 |
| Restricted investments (note 3) | 4,658 | 12,931 |
| Accounts receivable | 642 | 1,358 |
| Prepaid expenses and other assets | 230 | 226 |
| Holdback account (note 4) | 10,904 | 9,884 |
| | 35,006 | 47,894 |
| Capital assets (note 5): | | |
| Assets in use | 8,270 | 7,985 |
| Assets under construction | 243,614 | 227,464 |
| Total Assets | \$ 286,890 | \$ 283,343 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 13,063 | \$ 11,166 |
| Holdback account (note 4) | 10,904 | 9,884 |
| | 23,967 | 21,050 |
| Deferred contributions (note 6) | 7,638 | 23,691 |
| Deferred contributions related to capital assets (note 7) | 246,905 | 230,470 |
| Employee future benefits | 193 | 193 |
| | 254,736 | 254,354 |
| Net assets: | | |
| Unrestricted | 3,366 | 3,263 |
| Invested in capital assets (note 9) | 4,979 | 4,979 |
| Accumulated remeasurement gains and losses | (158) | (303) |
| | 8,187 | 7,939 |
| Contractual obligations (note 10) | | |
| Total Liabilities and Net Assets | \$ 286,890 | \$ 283,343 |

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 June 30, | 2012 | 2011 |
|--|---------|----------|
| Revenue: | | |
| Other income | \$ 7 | \$ 15 |
| Total revenue | 7 | 15 |
| Expenses: | | |
| Museum content and program | 1,147 | 1,046 |
| Permanent building and temporary accommodation | 348 | 301 |
| Stewardship and corporate management | 1,283 | 1,120 |
| Total expenses | 2,778 | 2,467 |
| Excess of expenses over revenue before parliamentary appropriations | (2,771) | (2,452) |
| Parliamentary appropriations (note 8) | 2,874 | 2,095 |
| Excess of revenue over expenses (expenses over revenue) after parliamentary appropriations | \$ 103 | \$ (357) |

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 June 30, | 2012 | 2011 |
|--|----------|----------|
| Accumulated remeasurement gains and losses, beginning of period | \$ (303) | \$ - |
| Accumulated unrealized loss reclassified from deferred contributions | - | (498) |
| Unrealized gains (losses) attributable to: | | |
| Foreign exchange | 28 | (25) |
| Investments | (87) | (347) |
| Amounts reclassified to the Statement of Operations: | | |
| Foreign exchange | 11 | - |
| Amounts reclassified to deferred contributions: | | |
| Investments | 193 | 191 |
| Net remeasurement gain (loss) for the period | 145 | (679) |
| Accumulated remeasurement gains and losses, end of period | \$ (158) | \$ (679) |

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 | | | | June 30, 2012 | June 30, 2011 |
|--|--------------|-------------------------------|---|---------------|---------------|
| | Unrestricted | Invested in capital assets | Accumulated remeasure- ment gains and losses | | |
| Net assets, beginning of period | \$ 3,263 | \$ 4,979 | \$ (303) | \$ 7,939 | \$ 8,308 |
| Excess of revenue over expenses (expenses over revenue) after parliamentary appropriations | 103 | - | - | 103 | (357) |
| Net change in accumulated remeasurement gains and losses | - | - | 145 | 145 | (679) |
| Net assets, end of period | \$ 3,366 | \$ 4,979 | \$ (158) | \$ 8,187 | \$ 7,272 |

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

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited)

(In thousands of dollars)

| Three months ended June 30, | 2012 | 2011 |
|---|-----------|-----------|
| Operating activities: | | |
| Cash receipts (parliamentary appropriations) | \$ 2,893 | \$ 1,477 |
| Cash receipts (other income) | 8 | 11 |
| Cash payments to and on behalf of employees | (1,800) | (1,665) |
| Cash payments to suppliers | (381) | (1,478) |
| | 720 | (1,655) |
| Capital activities: | | |
| Acquisition of assets under construction | (14,149) | (27,718) |
| Acquisition of assets in use | (948) | (97) |
| | (15,097) | (27,815) |
| Investing activities: | | |
| Proceeds from disposals and redemptions of investments | 8,187 | 14,013 |
| Investments | - | (10,689) |
| Revaluation of US currency | 37 | (25) |
| | 8,224 | 3,299 |
| Financing activities: | | |
| Parliamentary appropriation for the acquisition of capital assets in use | 366 | 121 |
| Government of Canada funding for assets under construction and related investment income | 278 | 3,658 |
| Contributions from non-government sources for assets under construction and related investment income | 586 | 20,831 |
| | 1,230 | 24,610 |
| Decrease in cash and cash equivalents | (4,923) | (1,561) |
| Cash and cash equivalents, beginning of period | | |
| Operating cash | 4,972 | 4,356 |
| Restricted cash and cash equivalents | 18,523 | 31,083 |
| | 23,495 | 35,439 |
| Cash and cash equivalents, end of period | | |
| Operating cash | 5,170 | 2,729 |
| Restricted cash and cash equivalents | 13,402 | 31,149 |
| | \$ 18,572 | \$ 33,878 |

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

Canadian Museum for Human Rights

Notes to Financial Statements

For the three months ended June 30, 2012

(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, 2012 Annual Audited Financial Statements.

Canadian Museum for Human Rights

Notes to Financial Statements

For the three months ended June 30, 2012

(Unaudited)

(In thousands of dollars, unless otherwise noted)

3. Restricted cash, cash equivalents and investments:

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

| | June 30, 2012 | | | | March 31, 2012 | |
|---------------------------------------|---------------|-------------------|---------------------|------------|----------------|------------|
| | Cost | Unrealized losses | Interest receivable | Fair value | Cost | Fair value |
| Restricted cash | \$ 631 | \$ (18) | - | \$ 613 | \$ 901 | \$ 863 |
| Cash equivalents | | | | | | |
| Government of Canada T-bills | 6,049 | - | 3 | 6,052 | 4,635 | 4,653 |
| Provincial T-bills | 3,366 | - | 4 | 3,370 | 11,768 | 11,779 |
| Promissory Notes | 3,363 | - | 4 | 3,367 | 1,227 | 1,228 |
| Sub-total – Cash equivalents | 12,778 | - | 11 | 12,789 | 17,630 | 17,660 |
| Sub-total – Cash and cash equivalents | 13,409 | (18) | 11 | 13,402 | 18,531 | 18,523 |
| Investments | | | | | | |
| Corporate Bonds | 4,842 | (184) | - | 4,658 | 13,221 | 12,931 |
| Sub-total - Investments | 4,842 | (184) | - | 4,658 | 13,221 | 12,931 |
| | \$ 18,251 | \$ (202) | \$ 11 | \$ 18,060 | \$ 31,752 | \$ 31,454 |

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

| Three months ended | June 30, 2012 |
|--|---------------|
| Balance, beginning of period | \$ 31,454 |
| Add contributions received during the period | 500 |
| Change in deferred bond interest receivable | 75 |
| Add deferred interest income | 149 |
| Less deferred realized loss on investments | (193) |
| Add unrealized gain on cash | 20 |
| Add unrealized gain on investments | 106 |
| Less amounts used to purchase capital assets | (14,051) |
| Balance, end of period | \$ 18,060 |

Canadian Museum for Human Rights

Notes to Financial Statements

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. 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 June 30, 2012 was \$10.9 million (March 31, 2012 - \$9.9 million).

5. Capital assets:

| | June 30, 2012 | | | March 31, 2012 | |
|---|---------------|--------------------------|----------------|----------------|---------|
| | Cost | Accumulated amortization | Net book value | Net book value | |
| Land | \$ 4,979 | \$ - | \$ 4,979 | \$ | 4,979 |
| Computer equipment, hardware and software | 3,490 | 272 | 3,218 | | 2,911 |
| Leasehold improvements | 563 | 545 | 18 | | 27 |
| Furniture and equipment | 152 | 97 | 55 | | 68 |
| Website development | 57 | 57 | - | | - |
| Sub-total – Assets in use | 9,241 | 971 | 8,270 | | 7,985 |
| Assets under construction | 243,614 | - | 243,614 | | 227,464 |
| | \$ 252,855 | \$ 971 | \$ 251,884 | \$ | 235,449 |

The amortization expense for the three months ended June 30, 2012 is \$81 (Three months ended June 30, 2011 - \$91).

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:

| | June 30, 2012 | | March 31, 2012 | |
|----------------------------------|---------------|---------|----------------|---------|
| Building design and construction | \$ | 235,524 | \$ | 219,732 |
| Exhibit design | | 8,090 | | 7,732 |
| | \$ | 243,614 | \$ | 227,464 |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three months ended June 30, 2012

(Unaudited)

(In thousands of dollars, unless otherwise noted)

6. Deferred contributions:

Government of Canada Parliamentary appropriations and contributions received from non-government entities and other governments 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.

Deferred contributions recorded by the Corporation are as follows:

| | June 30, 2012 | March 31, 2012 |
|---|---------------|----------------|
| Deferred contributions from the Government of Canada restricted for use in the Capital Project | \$ 4,177 | \$ 9,961 |
| Deferred contributions from non-government and other government sources restricted for use in the Capital Project | 3,461 | 13,730 |
| Deferred contributions | \$ 7,638 | \$ 23,691 |

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

| Three months ended | June 30, 2012 |
|---|---------------|
| Balance, beginning of period | \$ 23,691 |
| Less deferred investment loss | (44) |
| Less amounts transferred to deferred contributions related to capital assets: | |
| Government of Canada funding | (5,763) |
| Capital contributions from Friends of CMHR | (10,246) |
| Balance, end of period | \$ 7,638 |

7. Deferred contributions related to capital assets:

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

| | June 30, 2012 | March 31, 2012 |
|--|---------------|----------------|
| Deferred contributions for assets under construction - | | |
| Government of Canada | \$ 99,001 | \$ 93,097 |
| Deferred contributions for equipment subject to amortization - | | |
| Government of Canada | 3,291 | 3,006 |
| Deferred contributions - Province of Manitoba | 41,356 | 41,356 |
| Deferred contributions - City of Winnipeg | 16,971 | 16,971 |
| Deferred contributions - Friends of CMHR | 86,286 | 76,040 |
| | \$ 246,905 | \$ 230,470 |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three months ended June 30, 2012

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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

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

i) Government of Canada – Parliamentary appropriations:

Deferred contributions represent the unamortized portion of parliamentary appropriations from the Government of Canada used to pay for assets under construction and equipment subject to amortization. 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. Deferred 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.

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

| Three months ended | June 30, 2012 |
|--|---------------|
| Balance, beginning of period | \$ 230,470 |
| Government contributions: | |
| Government of Canada funding transferred from deferred contributions | 5,763 |
| Other Government of Canada assistance | 507 |
| Non-government contributions: | |
| Capital contributions from Friends of CMHR transferred from deferred contributions | 10,246 |
| Amortization of deferred contributions related to capital assets: | |
| Government of Canada | (81) |
| Balance, end of period | \$ 246,905 |

Canadian Museum for Human Rights

Notes to Financial Statements

For the three months ended June 30, 2012

(Unaudited)

(In thousands of dollars, unless otherwise noted)

8. Parliamentary appropriations:

| Three months ended | June 30, 2012 | June 30, 2011 |
|---|------------------|------------------|
| Main estimates amount provided for operating and capital expenditures | \$ 3,300 | \$ 2,250 |
| Amounts used to purchase capital assets | (507) | (246) |
| Amortization of deferred contributions related to capital assets – Government of Canada | 81 | 91 |
| | \$ 2,874 | \$ 2,095 |

9. 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:

| | June 30, 2012 | March 31, 2012 |
|---|------------------|-------------------|
| Capital assets | \$ 251,884 | \$ 235,449 |
| Less amounts financed by deferred contributions related to capital assets | (246,905) | (230,470) |
| | \$ 4,979 | \$ 4,979 |

10. Contractual obligations:

In addition to the commitments as at March 31, 2012, the Corporation entered into additional long-term contracts for \$1.1 million relating to construction services for the Capital Project which will require payment within one year.

11. Comparative figures:

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