

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2019

(Unaudited)



CANADIAN MUSEUM FOR
HUMAN RIGHTS

MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

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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' (CMHR) (the Museum) financial performance during the six months ended September 30, 2019. It must be read in conjunction with the March 31, 2019 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the six months ended September 30, 2019 includes the following:

OVERVIEW

The Museum had a strong second quarter for 2019-2020, the Museum's fifth full fiscal year of operations. It finished the six months with a surplus of revenues over expenses of \$0.8 million.

Total visitation for the six months ended September 30, 2019 was 173,200, compared to 174,700 visitors in the six months ended September 30, 2018.

The CMHR continues to attract visitors from all over Canada and internationally. For the year-to-date, 69% of the Museum's visitors 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 13,600 students, teachers and chaperones participating during the first six months of the year.

STATEMENT OF OPERATIONS

Parliamentary Appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$15.5 million for the six months ended September 30, 2019, or \$0.4 million higher than the \$15.1 million for the six months ended September 30, 2018.

For the fiscal year 2019-2020, the total voted main estimate appropriations are \$27.0 million (\$21.3 million in 2018-2019).

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Revenues

Operating revenue for the six months ended September 30, 2019 was \$2.1 million, consistent with the previous year. This represents revenue from admissions, tours, memberships, education programs, Boutique sales, facility rentals, commissions on the restaurant and catering sales and travelling exhibits.

Contributions of \$3.9 million are largely comprised of the amortization of deferred contributions related to capital assets received in previous periods from funding partners other than the Government of Canada (the Province of Manitoba, the City of Winnipeg and the Friends of the CMHR), which are amortized over the same period as the capital asset purchased with the contributions.

Expenses

Total operating expenses were \$20.7 million for the six months ended September 30, 2019, \$0.7 million higher than operating expenses for the six months ended September 30, 2018.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$7.1 million in comparison to \$6.6 million in the previous year. The increase was primarily due to an increase in exhibition, information management and marketing expenses.
- Accommodation expenses were \$11.1 million in comparison to \$10.7 million in the previous year. The increase was mainly due to an increase in the amortization of capital assets and building operations.
- Internal services expenses were \$2.5 million in comparison to \$2.7 million in the previous year.

The Museum finished the six months ended September 30, 2019 in a positive operating position of \$0.8 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$2.8 million from \$303.8 million at March 31, 2019 to \$301.0 million at September 30, 2019. The decrease was due to the amortization of capital assets

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offset by an increase in cash and restricted cash, short-term investments and prepaid expenses.

Total liabilities decreased by \$3.7 million from \$294.2 million at March 31, 2019 to \$290.5 million at September 30, 2019. The decrease was due to the amortization of deferred contributions for capital assets received in previous years offset by an increase in deferred contributions.

Net assets increased by \$0.8 million from March 31, 2019 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. Potential risks are monitored on a regular basis to ensure that appropriate strategies to manage and mitigate the risks are in place.

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 in order to expand its reach and impact across Canada and the world and to ensure offerings remain impactful and relevant.

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 earned revenues. In partnership with the Friends of CMHR, the Museum also plans to supplement its parliamentary appropriations through sponsorships and philanthropic support.

Canadian Museum for Human Rights

Quarterly Financial Report

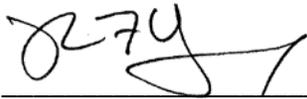
(Unaudited)

For the three and six months ended September 30, 2019

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, FCPA, FCA, Chief Financial Officer

November 25, 2019

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

For the three and six months ended September 30, 2019

(Unaudited)



CANADIAN MUSEUM FOR
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MUSÉE CANADIEN POUR LES
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Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	September 30, 2019	March 31, 2019
Assets		
Current assets		
Cash and restricted cash	\$ 10,511	\$ 7,216
Investments	4,717	4,230
Accounts receivable	497	303
Inventories	241	224
Prepaid expenses	1,241	570
	17,207	12,543
Collections	1	1
Capital assets	283,772	291,221
Total assets	\$ 300,980	\$ 303,765
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,354	\$ 3,133
Deferred revenue	163	83
	2,517	3,216
Deferred contributions (note 4)	9,227	4,708
Deferred contributions related to capital assets (note 5)	278,793	286,242
Total liabilities	290,537	294,166
Net assets		
Unrestricted	5,464	4,620
Invested in capital assets (note 6)	4,979	4,979
	10,443	9,599
Total liabilities and net assets	\$ 300,980	\$ 303,765

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		Six months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue (Schedule 1)				
Operating	\$ 1,088	\$ 1,235	\$ 2,051	\$ 2,090
Contributions	1,965	1,926	3,866	3,961
Other income	106	102	181	188
Total revenue	3,159	3,263	6,098	6,239
Expenses (Schedule 2)				
Museum content, program and engagement	3,371	3,378	7,143	6,597
Accommodation	5,505	5,415	11,063	10,672
Internal services	1,302	1,479	2,504	2,733
Total expenses	10,178	10,272	20,710	20,002
Excess of expenses over revenue before parliamentary appropriations	(7,019)	(7,009)	(14,612)	(13,763)
Parliamentary appropriations (note 7)	7,597	8,144	15,456	15,148
Excess of revenue over expenses	\$ 578	\$ 1,135	\$ 844	\$ 1,385

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)

Six months ended September 30,			2019	2018
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 4,620	\$ 4,979	\$ 9,599	\$ 9,168
Excess of revenue over expenses	844	-	844	1,385
Net assets, end of period	\$ 5,464	\$ 4,979	\$ 10,443	\$ 10,553

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		Six months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Operating activities				
Cash receipts from customers	\$ 1,233	\$ 1,147	\$ 2,023	\$ 1,742
Cash receipts from contributions	116	53	203	235
Cash receipts from parliamentary appropriations	7,266	6,394	13,989	11,665
Cash receipts from other income	19	-	64	-
Cash payments to and on behalf of employees	(3,258)	(3,308)	(6,631)	(7,316)
Cash payments to suppliers	(5,276)	(5,377)	(7,972)	(8,193)
Interest received	42	26	65	59
	142	(1,065)	1,741	(1,808)
Capital activities				
Payments for acquisition of capital assets	(14)	(631)	(187)	(1,743)
	(14)	(631)	(187)	(1,743)
Investing activities				
Acquisition of investments	(622)	(608)	(1,053)	(2,172)
Disposal of investments	608	600	608	1,100
	(14)	(8)	(445)	(1,072)
Financing activities				
Parliamentary appropriation for the acquisition of capital assets	19	6	35	62
Parliamentary appropriations (capital) funding for capital assets	2,100	250	2,100	250
Contributions from non-government sources for capital assets	26	22	51	539
	2,145	278	2,186	851
Increase/(decrease) in cash	2,259	(1,426)	3,295	(3,772)
Cash and restricted cash, beginning of period	8,252	7,810	7,216	10,156
Cash and restricted cash, end of period	\$ 10,511	\$ 6,384	\$ 10,511	\$ 6,384

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 six months ended September 30, 2019

(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 Museum 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.”

In 2018-2019, the Government of Canada approved the Museum’s corporate plan for 2018-2019 to 2022-2023 planning period, as well as the previous four corporate plans. The corporate plan summaries were tabled on March 18, 2019 and are available on the Museum’s web site.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

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(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. 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, 2019 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 and six months ended September 30, 2019 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2019.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2019

(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. Deferred contributions

Deferred contributions recorded by the Museum are as follows:

	September 30, 2019	March 31, 2019
Deferred contributions restricted for the future purchase of capital assets	\$ 9,227	\$ 4,708

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

Six months ended	September 30, 2019
Balance, beginning of period	\$ 4,708
Additions:	
Parliamentary appropriations (capital)	2,100
Parliamentary appropriations (operating) received in advance	2,700
Deferred interest income	51
	4,851
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(15)
Amounts recognized as revenue	(317)
	(332)
Balance, end of period	\$ 9,227

5. Deferred contributions related to capital assets

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

Six months ended	September 30, 2019
Balance, beginning of period	\$ 286,242
Amounts transferred from deferred contributions	15
Parliamentary appropriation for the acquisition of capital assets available for use	35
Amortization of deferred contributions related to capital assets available for use	(7,499)
Balance, end of period	\$ 278,793

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2019

(Unaudited)

(In thousands of dollars, unless otherwise noted)

6. 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:

	September 30, 2019		March 31, 2019	
Capital assets	\$	283,772	\$	291,221
Less amounts financed by deferred contributions related to capital assets		(278,793)		(286,242)
Land	\$	4,979	\$	4,979

7. Parliamentary appropriations:

	Three months ended		Six months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Main estimates amount provided for operating and capital expenditures	\$ 9,385	\$ 6,650	\$ 16,124	\$ 11,977
Less current period parliamentary appropriations not recognized as revenue:				
Operating contribution received in advance	(1,700)	-	(2,700)	-
Capital appropriations deferred	(2,100)	(250)	(2,100)	(250)
Amounts used to purchase capital assets	(19)	(6)	(35)	(62)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,922	1,726	3,850	3,448
Restricted amounts used in current period for items expensed for accounting purposes	109	24	317	35
	\$ 7,597	\$ 8,144	\$ 15,456	\$ 15,148

Canadian Museum for Human Rights

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(In thousands of dollars, unless otherwise noted)

8. Allocation of expenses:

For the period ending September 30, 2019, \$1.5 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2018 - \$1.5 million).

The expenses have been allocated as follows:

Six months ended September 30,	2019	2018
Museum content, program and engagement	\$ 814	\$ 767
Internal services	486	528
Accommodation	156	195
	\$ 1,456	\$ 1,490

9. Comparative figures:

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

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating Revenues

Six months ended September 30,	2019	2018
Admissions and programs		
General admission	\$ 889	\$ 923
Memberships	87	80
Public programs	41	55
Education programs	55	57
Retail boutique sales	453	471
Facility rental	404	388
Restaurant and catering	115	111
Travelling exhibits	7	5
Total	\$ 2,051	\$ 2,090

Contributions

Six months ended September 30,	2019	2018
Revenue related to the amortization of deferred contributions from other donors	\$ 3,649	\$ 3,675
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	70	24
In-kind donations	125	80
Cash donations and sponsorships	22	181
In kind and artifact donations	-	1
Total	\$ 3,866	\$ 3,961

Other income

Six months ended September 30,	2019	2018
Interest revenue	\$ 107	\$ 80
Friends of the CMHR cost recoveries	63	106
Miscellaneous	11	2
Total	\$ 181	\$ 188

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Six months ended September 30,	2019	2018
Amortization of capital assets	\$ 7,499	\$ 7,123
Personnel costs	6,785	6,816
Payment in lieu of taxes	1,346	1,316
Building operations	1,026	966
Marketing and promotion	890	702
Information management infrastructure and systems	579	485
Exhibitions	574	239
Protection services	353	340
Office supplies and administration	272	264
Cost of goods sold	230	239
Utilities	222	233
Travel	217	227
Professional and special services	213	341
Digital reach	173	332
Programming	152	233
Exhibits maintenance	106	99
Other	61	39
Permanent collection acquisitions	12	8
Total expenses	\$ 20,710	\$ 20,002