

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and nine months ended December 31, 2020

(Unaudited)



Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three and nine months ended December 31, 2020

Narrative discussion

This section of the quarterly financial report presents management's narrative discussion of the financial results of the Canadian Museum for Human Rights (CMHR or "the Museum") during the nine months ended December 31, 2020. It is intended to be read in conjunction with the March 31, 2020 Management Discussion and Analysis and Annual Audited Financial Statements in the 2019-20 Annual Report.

OVERVIEW

On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak to be a pandemic. As a result of this declaration and in accordance with public health recommendations, the Museum, along with all other national museums, made the decision to close to visitors effective March 14, 2020. On March 16, the Museum directed most employees to work from home. The Museum reopened to visitors on June 17, 2020.

On October 30, 2020, in accordance with Manitoba Public Health Orders, the Museum once again closed to visitors. As a result of both closures, the Museum was open to the public for only 19 weeks during the nine months ended December 31, 2020.

The COVID-19 pandemic has had, and will continue to have, a significant impact on the Museum's revenue generation and operations – including visitation, facility rentals and Boutique sales. As the duration and full impact of the pandemic remains unclear as of December 31, it is not possible to reliably predict its full effect on the Museum's operations and financial condition. Museum management is actively monitoring the organization's financial condition, preparing to address short- and long-term financial impacts.

The Museum acknowledges that the work of our organization is made possible through the financial support of the Government of Canada, which is to be commended for recognizing the important role that Canada's national museums play in Canadian society through its emergency investments during the COVID-19 pandemic.

Recognizing the impact of the pandemic, the Government of Canada provided the Museum \$2.2 million from the Museum Assistance Program, which distributed emergency funding to all national museums in the second quarter. In November 2020,

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the Government of Canada advised that the Museum will also be receiving \$1.5 million in retroactive compensation funding for 2018 through 2020. This funding will be reflected in the Museum's financial statements when received.

Total on-site visitation for the nine months to December 31, 2020 was 15,413. The Museum also had 1,748 students participate in its virtual tours of the Museum during this period. Due to effects of the COVID-19 pandemic, including the closures of the Museum, this represents a significant and unavoidable decrease from the 238,685 visitors welcomed in the first nine months of the prior year. During the pandemic the Museum has successfully pivoted to online engagement of visitors, with 589,999 website visits in the nine months ended December 31, 2020, a 33% increase over the 443,321 website visits in the same period last year.

The Museum finished the third quarter with a surplus of revenues over expenses of \$1.0 million.

STATEMENT OF OPERATIONS

Parliamentary Appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$22.0 million for the nine months ended December 31, 2020, a \$1.0 million decrease from the \$23.0 million for the nine months ended December 31, 2019. Parliamentary appropriations include emergency appropriations from the Museum Assistance Program of \$2.2 million received in the previous quarter.

Revenues

Operating revenue for the nine months ended December 31, 2020 was \$0.3 million, a significant decrease from \$2.9 million in the prior year due to the COVID-19 closures, low visitation during the period of reopening reflecting national and global travel restrictions as well as local behaviour influenced by public health orders and advisories, including ongoing restrictions on gatherings. This figure represents revenue from admissions, memberships and Boutique sales for the period when the Museum was re-opened to the public as well as travelling exhibition revenue.

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Contributions of \$5.0 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 Friends of the CMHR), which are amortized over the same period as the capital assets purchased with the contributions.

Expenses

Total operating expenses were \$26.5 million for the nine months ended December 31, 2020, down from \$30.9 million for the nine months ended December 31, 2019.

Breakdown of expenses by core responsibility:

- Museum content, programs and engagement expenses were \$7.9 million, compared to \$10.6 million the previous year. This decrease was due to Museum closures and low visitation during the period it was reopened, which resulted in reduced personnel costs and marketing expenditures as well as on-site programs and exhibition work being deferred or cancelled.
- Accommodation expenses were \$15.2 million, compared to \$16.5 million the previous year, due to a decrease in amortization of capital assets as well as Museum closures, which resulted in lower building operational expenses.
- Internal services expenses were \$3.4 million, compared to \$3.9 million the previous year. This decrease was due to lower personnel, office and administration and travel costs, offset by an increase in professional services.

The Museum finished the nine months to December 31, 2020 in a positive operating position of \$1.0 million.

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STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$6.2 million from \$294.4 million at March 31, 2020 to \$288.2 million at December 31, 2020. This decrease was due to amortization of capital assets, offset by an increase in cash and restricted cash and in short-term investments.

Total liabilities decreased by \$7.2 million from \$284.4 million at March 31, 2020 to \$277.2 million at December 31, 2020. This decrease was due to amortization of deferred contributions for capital assets received in previous years and a decrease in accounts payable, offset by an increase in deferred contributions.

Net assets increased by \$1.0 million from March 31, 2020 representing an excess of revenue over expenses.

RISK ANALYSIS AND OUTLOOK

The Museum employs a continually updated risk-management framework to identify, evaluate and mitigate factors that pose a substantive threat to its ongoing operations or long-term success.

The Museum plans to conduct a full risk re-assessment in light of the ongoing impact of the pandemic and issues of systemic racism and other forms of oppression identified at the Museum. The strategic plan approved by the Board of Trustees in 2020-21 will also be re-assessed in light of these issues.

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

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STATEMENT OF MANAGEMENT RESPONSIBILITY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Isha Khan, President and Chief Executive Officer



Susanne Robertson, FCPA, FCA, Chief Financial Officer

February 22, 2021

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CANADIAN MUSEUM FOR HUMAN RIGHTS

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(Unaudited)



Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	December 31, 2020	March 31, 2020
Assets		
Current assets		
Cash and restricted cash	\$ 13,795	\$ 12,022
Investments	5,245	3,175
Accounts receivable	204	357
Inventories	220	246
Prepaid expenses	673	525
	20,137	16,325
Collections	1	1
Capital assets	268,035	278,048
Total assets	\$ 288,173	\$ 294,374
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,228	\$ 3,475
Deferred revenue	261	247
	3,489	3,722
Deferred contributions (note 4)	10,632	7,592
Deferred contributions related to capital assets (note 5)	263,056	273,069
Total liabilities	277,177	284,383
Net assets		
Unrestricted	6,017	5,012
Invested in capital assets (note 6)	4,979	4,979
	10,996	9,991
Total liabilities and net assets	\$ 288,173	\$ 294,374

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

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenue (Schedule 1)				
Operating	\$ 185	\$ 893	\$ 343	\$ 2,944
Contributions	1,670	1,792	5,039	5,658
Other income	35	100	106	281
Total revenue	1,890	2,785	5,488	8,883
Expenses (Schedule 2)				
Museum content, programs and engagement	2,503	3,421	7,896	10,564
Accommodation	5,215	5,421	15,152	16,484
Internal services	1,229	1,361	3,422	3,865
Total expenses	8,947	10,203	26,470	30,913
Excess of expenses over revenue before parliamentary appropriations	(7,057)	(7,418)	(20,982)	(22,030)
Parliamentary appropriations (note 7)	7,095	7,521	21,987	22,977
Excess of revenue over expenses	\$ 38	\$ 103	\$ 1,005	\$ 947

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)

Nine months ended December 31,			2020	2019
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 5,012	\$ 4,979	\$ 9,991	\$ 9,599
Excess of revenue over expenses	1,005	-	1,005	947
Net assets, end of period	\$ 6,017	\$ 4,979	\$ 10,996	\$ 10,546

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		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Operating activities				
Cash receipts from customers	\$ 217	\$ 824	\$ 507	\$ 2,847
Cash receipts from contributions	61	142	165	345
Cash receipts from parliamentary appropriations	6,320	3,819	19,532	17,808
Cash receipts from other income	4	116	42	180
Cash payments to and on behalf of employees	(3,441)	(4,144)	(9,611)	(10,775)
Cash payments to suppliers	(1,808)	(2,308)	(6,875)	(10,280)
Interest received	21	28	124	93
	1,374	(1,523)	3,884	218
Capital activities				
Payments for acquisition of capital assets	(97)	(714)	(369)	(901)
	(97)	(714)	(369)	(901)
Investing activities				
Acquisition of investments	(445)	-	(4,560)	(1,053)
Disposal of investments	431	-	2,468	608
	(14)	-	(2,092)	(445)
Financing activities				
Parliamentary appropriation for the acquisition of capital assets	59	156	115	191
Parliamentary appropriations (capital) funding for capital assets	200	103	200	2,203
Contributions from non-government sources for capital assets	15	24	35	75
	274	283	350	2,469
Increase (decrease) in cash	1,537	(1,954)	1,773	1,341
Cash and restricted cash, beginning of period	12,258	10,511	12,022	7,216
Cash and restricted cash, end of period	\$ 13,795	\$ 8,557	\$ 13,795	\$ 8,557

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

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and nine months ended December 31, 2020

(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 is accountable to Parliament through the Minister of Canadian Heritage.

The mandate, as stated in the amendment 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 Government of Canada approved the Museum’s corporate plan for the 2019-2020 to 2023-2024 planning period. The corporate plan summary was tabled on August 12, 2019 and is available on the Museum’s web site.

(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

Accommodation

- Building operations
- Protection services
- Information technology infrastructure

Internal services

- Corporate governance
- Administration
- Earned-revenue generation

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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, 2020 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 nine months ended December 31, 2020 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2020.

4. Deferred contributions

Deferred contributions recorded by the Museum are as follows:

	December 31, 2020	March 31, 2020
Deferred contributions restricted for the future purchase of capital assets	\$ 10,632	\$ 7,592

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

Nine months ended	December 31, 2020
Balance, beginning of period	\$ 7,592
Additions:	
Parliamentary appropriations (capital)	200
Parliamentary appropriations (operating) received in advance	3,000
Deferred interest income	35
	3,235
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(30)
Amounts recognized as revenue	(165)
	(195)
Balance, end of period	\$ 10,632

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5. Deferred contributions related to capital assets

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

Nine months ended	December 31, 2020
Balance, beginning of period	\$ 273,069
Amounts transferred from deferred contributions	30
Parliamentary appropriation for the acquisition of capital assets	115
Amortization of deferred contributions related to capital assets	(10,158)
Balance, end of period	\$ 263,056

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:

	December 31, 2020	March 31, 2020
Capital assets	\$ 268,035	\$ 278,048
Less amounts financed by deferred contributions related to capital assets	(263,056)	(273,069)
Land	\$ 4,979	\$ 4,979

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7. Parliamentary appropriations:

	Three months ended		Nine months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Main estimates amount provided for operating and capital expenditures	\$ 6,579	\$ 4,078	\$ 17,641	\$ 20,202
Supplementary Estimates B	-	-	2,207	-
Less current period parliamentary appropriations not recognized as revenue:				
Operating contribution received in advance	(1,000)	1,700	(3,000)	(1,000)
Capital appropriations deferred	(200)	(103)	(200)	(2,203)
Amounts used to purchase capital assets	(59)	(156)	(115)	(191)
Add prior year parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,756	1,793	5,289	5,643
Restricted amounts used in current period for items expensed for accounting purposes	19	209	165	526
	\$ 7,095	\$ 7,521	\$ 21,987	\$ 22,977

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8. Allocation of expenses:

For the period ending December 31, 2020, \$2.0 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2019 – 2.3 million).

The expenses have been allocated as follows:

Nine months ended December 31,	2020	2019
Museum content, program and engagement	\$ 1,082	\$ 1,258
Internal services	732	765
Accommodation	234	243
	\$ 2,048	\$ 2,266

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Schedule 1 – Schedule of Revenues

Operating Revenues

Nine months ended December 31,	2020	2019
Admissions and programs		
General admission	\$ 72	\$ 1,104
Memberships	22	124
Public programs	-	50
Education programs	-	78
Retail boutique sales	143	683
Facility rentals	6	626
Restaurant and catering	2	202
Travelling exhibits	98	77
Total	\$ 343	\$ 2,944

Contributions

Nine months ended December 31,	2020	2019
Revenue related to the amortization of deferred contributions from other donors	\$ 4,869	\$ 5,372
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	94	95
In-kind donations	30	141
Cash donations and sponsorships	43	44
In kind and artifact donations	3	6
Total	\$ 5,039	\$ 5,658

Other income

Nine months ended December 31,	2020	2019
Interest revenue	\$ 102	\$ 165
Friends of the CMHR cost recoveries	-	100
Miscellaneous	4	16
Total	\$ 106	\$ 281

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(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Nine months ended December 31,	2020	2019
Amortization of capital assets	\$ 10,158	\$ 11,015
Personnel costs	9,291	10,170
Payment in lieu of taxes	2,037	2,025
Building operations	1,443	1,635
Information management infrastructure and systems	989	928
Professional and special services	647	367
Exhibitions	427	780
Protection services	327	536
Utilities	292	343
Digital reach	245	302
Office supplies and administration	206	388
Marketing and promotion	160	1,184
Cost of goods sold	83	354
Programming	73	263
Exhibits maintenance	54	183
Travel	23	346
Permanent collection acquisitions	8	13
Other	7	81
Total expenses	\$ 26,470	\$ 30,913