

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2022

(Unaudited)



**CANADIAN MUSEUM FOR
HUMAN RIGHTS**
MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Quarterly Financial Report

(Unaudited)

For the three months ended June 30, 2022

Narrative Discussion

This section of the quarterly financial report presents management's narrative discussion of the financial performance of the Canadian Museum for Human Rights ("CMHR" or "the Museum") during the three months ended June 30, 2022. It must be read in conjunction with the March 31, 2022 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the three months ended June 30, 2022 includes the following:

OVERVIEW

Total on-site visitation during this time was 49,895. This is a significant increase from the 2,796 visitors in Q1 of the previous year, when the Museum was only open for six weeks due to the pandemic. The Museum also had 283,017 website visits and 10,735 students participate in its virtual tours of the Museum during the quarter (194,289 website visits and 9,559 students for Q1 of the previous year).

The Museum finished the first quarter with an excess of revenues over expenses of \$0.5 million, compared to an excess of \$0.9 million recorded in Q1 of the previous year. The lower excess of revenues over expenses in the current quarter was due to increased expenses primarily in personnel costs.

STATEMENT OF OPERATIONS

Parliamentary appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$8.0 million for the three months ended June 30, 2022. This is \$0.2 million lower than the \$8.2 million in appropriations for the three months that ended June 30, 2021.

For the fiscal year 2022-2023, the total voted main estimate appropriations are \$25.4 million, consistent with 2021-2022.

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Revenues

Operating revenues for the three months ended June 30, 2022 were \$529,000, up from \$77,000 in the first quarter of the prior year, due to an increase in visitation as the Museum was open for the entire quarter this year compared to only six weeks in the year before. This figure represents revenue from admissions, memberships, programming, Boutique sales, facility rentals, coffee cart sales and catering.

Contributions of \$1.7 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 \$9.8 million for the three months ended June 30, 2022, a \$0.7 million increase from \$9.1 million for the three months ended June 30, 2021.

The breakdown of expenses by core responsibility is as follows:

- Museum content, programs and engagement expenses were \$3.3 million in comparison to \$2.8 million in the previous year. The increase was due to higher costs for personnel, marketing, travel and programming as the Museum was open for the entire quarter and experienced higher visitation compared to the previous year.
- Accommodation expenses were \$5.1 million, consistent with the previous year.
- Internal services expenses were \$1.4 million in comparison to \$1.1 million in the previous year. The increase was due to higher costs for personnel offset by a decrease in professional services.

For the three months ended June 30, 2022, the Museum finished the quarter in a positive operating position of \$0.5 million.

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STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$3.0 million from \$281.0 million on March 31, 2022 to \$278.0 million on June 30, 2022. The decrease was due to the amortization of capital assets.

Total liabilities decreased by \$3.5 million from \$269.0 million on March 31, 2022 to \$265.5 million on June 30, 2022. The decrease was due to the amortization of deferred contributions for capital assets received in previous years.

Net assets increased by \$0.5 million from March 31, 2022 representing an excess of revenue over expenses.

RISK ANALYSIS & OUTLOOK

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

The Museum is committed to building upon its considerable successes since opening in 2014. However, its operations and revenue generation have been significantly impacted by the global pandemic. Projections from tourism industry partners in 2021 (Destination Canada, Travel Manitoba and Tourism Winnipeg) were for a four- to six-year recovery period before travel reached pre-pandemic levels. At this time, it is not possible to reliably predict the full effect of this on the Museum's operations and financial condition. Management will continue to actively monitor the organization's financial condition.

The Museum will continue to work closely with its partners, the Government of Canada and the Friends of Canadian Museum for Human Rights, to assess its long-term funding requirements. Future pressures on the Museum's operating and capital budgets include the ongoing impact of the pandemic, increasing inflation and its impact on consumer spending, work required to create an equitable museum and the significant capital requirements of maintaining a digitally based museum in an iconic building.

Looking forward, the Museum has identified the development of a Digital Learning Centre (DLC) as a priority, providing greater opportunities to realize its mandate. The DLC will be a 465-square-metre space unlike any other in Western Canada. Integrated,

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advanced audio-visual technology will be used to virtually connect remote audiences with on-site programming ranging from discussions and lectures to school programs and public performances. This multi-purpose gathering place and education centre will also accommodate community gatherings, facility rentals, conference seminars and more.

Completion of the DLC will enable all Canadians to participate in cultural, human rights, educational and reconciliation-oriented programs via integrated livestream broadcasts from the Museum. It will be fully accessible to visitors of all abilities, incorporating the latest principles of inclusive design. It will also enable people across Canada to access new ways to connect and re-connect in the aftermath of the COVID-19 pandemic.

The Museum will continue its efforts to maximize earned revenue. In partnership with the Friends, the Museum also plans to supplement its parliamentary appropriations through sponsorships and philanthropic support.

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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, Chief Executive Officer



Michael Schroeder, CPA, CGA, Chief Financial Officer

August 25, 2022

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2022

(Unaudited)



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HUMAN RIGHTS
MUSÉE CANADIEN POUR LES
DROITS DE LA PERSONNE

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	June 30, 2022	March 31, 2022
Assets		
Current assets		
Cash and restricted cash	\$ 6,356	\$ 11,294
Investments and restricted investments	9,033	4,000
Accounts receivable	228	117
Inventories	148	144
Prepaid expenses	544	564
	16,309	16,119
Investments and restricted investments	12,287	12,282
Collections	1	1
Capital assets	249,447	252,629
Total assets	\$ 278,044	\$ 281,031
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,861	\$ 4,091
Deferred revenue	419	447
	4,280	4,538
Deferred contributions (note 4)	16,781	16,834
Deferred contributions related to capital assets (note 5)	244,468	247,650
Total liabilities	265,529	269,022
Net assets		
Unrestricted	7,536	7,030
Invested in capital assets	4,979	4,979
	12,515	12,009
Total liabilities and net assets	\$ 278,044	\$ 281,031

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

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2022		2021	
Revenue (Schedule 1)				
Operating	\$	529	\$	77
Contributions		1,725		1,676
Other income		69		51
Total revenue		2,323		1,804
Expenses (Schedule 2)				
Museum content, programs and engagement		3,329		2,870
Accommodation		5,106		5,079
Internal services		1,412		1,103
Total expenses		9,847		9,052
Excess of expenses over revenue before parliamentary appropriations		(7,524)		(7,248)
Parliamentary appropriations (note 7)		8,030		8,148
Excess of revenue over expenses	\$	506	\$	900

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

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	Unrestricted		Invested in capital assets		2022		2021	
Net assets, beginning of period	\$	7,030	\$	4,979	\$	12,009	\$	11,613
Excess of revenue over expenses		506		-		506		900
Net assets, end of period	\$	7,536	\$	4,979	\$	12,515	\$	12,513

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

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2022	2021
Operating activities		
Cash receipts from customers	\$ 450	\$ 36
Cash receipts from contributions	54	27
Cash receipts from parliamentary appropriations	6,331	6,309
Cash payments to and on behalf of employees	(4,367)	(2,813)
Cash payments to suppliers	(2,355)	(1,872)
Interest received	11	43
	124	1,730
Capital activities		
Payments for acquisition of capital assets	(147)	(317)
	(147)	(317)
Investing activities		
Acquisition of investments	(5,000)	-
	(5,000)	-
Financing activities		
Parliamentary appropriation for the acquisition of capital assets	28	50
Contributions from non-government sources for capital assets	57	10
	85	60
Increase (decrease) in cash	(4,938)	1,473
Cash and restricted cash, beginning of period	11,294	9,582
Cash and restricted cash, end of period	\$ 6,356	\$ 11,055

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

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2022

(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). It is accountable to Parliament through the Minister of Canadian Heritage. The Museum is not subject to income tax under the provisions of the *Income Tax Act of Canada*.

The Museum’s mandate, as stated in an 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 has approved the Museum’s corporate plan for the 2021-2022 to 2025-2026 planning period. The Corporate Plan Summary was tabled on February 11, 2022 and is available on the Museum’s website. The Museum’s corporate plan for the 2022-2023 to 2026-2027 planning period has been submitted and is pending approval.

(b) Operations

To meet all aspects of its mandate, the Museum has divided its operations into three mutually supportive activities:

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

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three months ended June 30, 2022

(Unaudited)

(In thousands of dollars, unless otherwise noted)

2. Significant accounting policies

The quarterly financial statements have been prepared in accordance with the Canadian public sector accounting standards (PSAS) for government not-for-profit organizations. The Museum has elected to apply the 4200 series for government-not-for-profit organizations and applies the deferral method of accounting for contributions for 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, 2022 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 PSAS for government not-for-profit organizations for annual audited financial statements. These unaudited financial statements should be read in conjunction with the Narrative Discussion for the three months ended June 30, 2022 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2022.

4. Deferred contributions

Changes in the deferred contributions, restricted for the future purchase of capital assets, during the year were as follows:

Three months ended	June 30, 2022
Balance, beginning of period	\$ 16,834
Additions	
Deferred interest income	57
	57
Deductions	
Amounts transferred to deferred contributions related to capital assets	(62)
Amounts recognized as revenue	(48)
	(110)
Balance, end of period	\$ 16,781

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

5. Deferred contributions related to capital assets

Changes in the deferred contributions related to capital assets, purchased but not fully amortized during the current period were as follows:

Three months ended	June 30, 2022
Balance, beginning of period	\$ 247,650
Amounts transferred from deferred contributions	62
Parliamentary appropriation for the acquisition of capital assets	28
Amortization of deferred contributions related to capital assets	(3,272)
Balance, end of period	\$ 244,468

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6. Parliamentary appropriations

Three months ended June 30,	2022	2021
Main estimates amount provided for operating and capital expenditures	\$ 6,358	\$ 6,358
Less current period parliamentary appropriations not recognized as revenue:		
Amounts used to purchase capital assets	(28)	(50)
Add prior year parliamentary appropriations recognized as revenue in the current period:		
Amortization of deferred contributions related to capital assets	1,653	1,737
Restricted amounts used in current period for items expensed	47	103
Parliamentary appropriations recognized as revenue for the period	\$ 8,030	\$ 8,148

7. Allocation of expenses

The Museum incurs expenses that contribute to multiple museum activities. For the period ending June 30, 2022, \$1.0 million of personnel costs, information management infrastructure and systems, and protection services have been allocated (2021 - \$0.6 million).

The expenses have been allocated as follows:

Three months ended June 30,	2022	2021
Museum content, programs and engagement	\$ 501	\$ 330
Internal services	336	217
Accommodation	136	64
Total	\$ 973	\$ 611

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Notes to Quarterly Financial Statements

For the three months ended June 30, 2022

(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenue

Operating revenues

Three months ended June 30,	2022	2021
Admissions and programs		
General admission	\$ 186	\$ 13
Memberships	14	5
Public programs	2	-
Education programs	18	-
Retail Boutique sales	122	18
Facility rentals	152	-
Coffee cart and catering	35	-
Travelling exhibitions	-	41
Total	\$ 529	\$ 77

Contributions

Three months ended June 30,	2022	2021
Revenue related to the amortization of deferred contributions	\$ 1,619	\$ 1,619
Contributions from Friends of the CMHR:		
Cash donations and sponsorships	78	55
In-kind donations	5	-
Cash donations and sponsorships	20	-
In-kind and artifact donations	3	2
Total	\$ 1,725	\$ 1,676

Other income

Three months ended June 30,	2022	2021
Interest revenue	49	51
Friends of the CMHR cost recoveries	20	-
Total	\$ 69	\$ 51

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Three months ended June 30,	2022	2021
Personnel costs	\$ 3,797	\$ 3,138
Amortization of capital assets	3,272	3,356
Payment in lieu of taxes	705	705
Building operations	477	470
Information management infrastructure and systems	457	347
Exhibitions	198	220
Professional and special services	150	283
Protection services	138	125
Programming	116	62
Utilities	111	110
Digital reach	85	83
Office supplies and administration	82	76
Marketing and promotion	82	43
Travel	81	1
Cost of goods sold	65	10
Permanent collection acquisitions	7	14
Other	24	9
Total expenses	\$ 9,847	\$ 9,052