

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three months ended June 30, 2017

(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, 2017

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 three months ended June 30, 2017. It must be read in conjunction with the March 31, 2017 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the three months ended June 30, 2017 includes the following:

Overview

The Museum had a strong first quarter for 2017-18, the Museum's third full fiscal year of operations. It finished the quarter with a surplus of revenues over expenses of \$0.8 million due to continued strong visitation, careful management of costs and timing of receipt of appropriations.

Total visitation for the three months ended June 30, 2017 was 85,000, which reflects a 2% increase from the 83,100 visitors in Q1 of last year.

The CMHR attracts visitors from all over Canada and internationally. Over 68% of the Museum's visitors this quarter were from outside of Winnipeg, coming from other parts of Manitoba, Canada and countries from around the world. The Museum's education programs remain near capacity, with 14,800 students, teachers and chaperones participating during this quarter.

The temporary exhibition *1867: Rebellion & Confederation*, one of four exhibitions to mark the 150th anniversary of Confederation, closed in May and was replaced in June by *Points of View: A National Human Rights Exhibition* in the Level 1 Gallery. Comprised of 72 photographs exploring human rights through the themes of freedom of expression, reconciliation, inclusion and diversity and the environment, this crowd-sourced exhibition features the photos selected by our jury from the almost 1,000 submitted by people from across the country. *Our Canada, My Story*, another Canada 150 project and the first travelling exhibition to be developed by the CMHR, continued in the Level 6

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Expressions Gallery, supported by the Richardson Foundation and Family. Work is underway on *Rights of Passage*, our final Canada 150 exhibition, which will take a new and innovative look at Canada's human rights history. Development of a travelling exhibition that explores the life and legacy of Nelson Mandela is underway, to open in 2018, the centenary of his birth.

Statement of Financial Position

Total assets decreased \$1.3 million from \$326.1 million at March 31, 2017 to \$324.8 million at June 30, 2017 largely as a result of a \$3.4 million decrease in assets available for use due to amortization of the capital assets in use offset by a \$2.2 increase in cash and restricted cash.

Total liabilities decreased \$2.0 million from March 31, 2017 largely due to a \$3.1 million decrease in deferred contributions related to capital assets resulting from the amortization of the contributions over the same period as the assets purchased and a \$0.4 million decrease in deferred contributions offset by a \$1.6 million increase in accounts payable and accrued liabilities.

Net assets increased by \$0.8 million from March 31, 2017 representing excess of revenue over expenses.

Statement of Operations:

Parliamentary Appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$7.8 million for the three months ended June 30, 2017, or \$0.3 million higher than the \$7.5 million for the three months ended June 30, 2016. For the fiscal year 2017-18, the total voted main estimate appropriations are \$24.9 million (\$21.7 million in 2016-17). The increase from last year is due to \$2.7 million annual ongoing funding for Payments in Lieu of Taxes and \$0.5 million for specific capital projects from the Government of Canada's Budget 2016 Supporting National Museums initiative.

Revenues

Operating revenue for the three months ended June 30, 2017 was \$0.9 million, consistent with last year. Operating revenue includes revenue from admissions, tours, education

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programs, boutique sales, facility rentals and commissions on the restaurant and catering sales.

Contributions were also consistent with last year at \$1.8 million for the three months ended June 30, 2017. The contributions reflect the recognition of the 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 assets purchased with the contributions.

Expenses

Total expenses were \$9.8 million for the three months ended June 30, 2017, compared to \$9.9 million for the three months ended June 30, 2016. The decrease of \$0.1 million is broken down by program activity as follows:

- Museum content and program expenses remained consistent with the prior year;
- Permanent building expenses decreased \$0.1 million due to a decrease in the amortization of capital assets offset by an increase in the expense for Payments in Lieu of Taxes (PILT); and
- Stewardship and corporate management expenses were consistent with the prior year.

For the three months ended June 30, 2017, the Museum finished the quarter in a positive operating position of \$0.8 million.

Statement of Cash Flows

Cash, including the holdback account, increased \$2.2 million from \$9.7 million at March 31, 2017 to \$11.9 million at June 30, 2017, largely due to \$1.8 million cash from operating activities and \$0.5 million in funds received from the Friends of CMHR, offset by \$0.3 million in cash required for capital activities.

This is compared to cash remaining consistent in the same three months last year, primarily due to \$1.3 million cash from operating activities and \$0.5 million in funds received from Friends of CMHR, offset by \$1.9 million used for capital activities.

RISK ANALYSIS & OUTLOOK

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For the three months ended June 30, 2017

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 completed a facilitated risk evaluation in 2015-16 to ensure the organization can appropriately manage and respond to identified risks through its first five years as a fully operating national museum.

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

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 revenues from all possible sources. In partnership with the Friends, the Museum also plans to supplement its parliamentary appropriations through sponsorships and philanthropic support.

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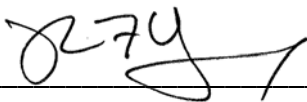
(Unaudited)

For the three months ended June 30, 2017

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, PhD President and Chief Executive Officer



Susanne Robertson, CPA, CA Chief Financial Officer

Winnipeg, Canada

August 25, 2017

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three months ended June 30, 2017

(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	June 30, 2017	March 31, 2017
Assets		
Current assets:		
Cash and restricted cash (note 3)	\$ 11,817	\$ 9,613
Accounts receivable	463	825
Inventories	204	172
Prepaid expenses	584	561
Holdback account	42	42
	13,110	11,213
Collections (note 4)	1	1
Capital assets (note 5):		
Assets available for use	310,886	314,270
Assets under construction	841	578
Total Assets	\$ 324,838	\$ 326,062
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,166	\$ 3,607
Holdback payable	42	42
Deferred revenues	50	53
	5,258	3,702
Deferred contributions (note 6)	4,013	4,428
Deferred contributions related to capital assets (note 7)	305,961	309,081
Total Liabilities	315,232	317,211
Net assets:		
Unrestricted	4,641	3,883
Invested in capital assets (note 8)	4,979	4,979
Accumulated remeasurement losses	(14)	(11)
	9,606	8,851
Total Liabilities and Net Assets	\$ 324,838	\$ 326,062

Contractual obligations (note 11)

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,	2017	2016
Revenue (Schedule 1):		
Operating	\$ 867	\$ 911
Contributions	1,838	1,831
Other income	39	33
Total revenue	2,744	2,775
Expenses (Schedule 2):		
Museum content and program	3,084	3,114
Permanent building	5,296	5,445
Stewardship and corporate management	1,377	1,347
Total expenses	9,757	9,906
Excess of expenses over revenue before Parliamentary appropriations	(7,013)	(7,131)
Parliamentary appropriations (note 9)	7,771	7,503
Excess of revenue over expenses	\$ 758	\$ 372

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

Statement of Remeasurement Losses

(Unaudited)

(In thousands of dollars)

Three months ended June 30,	2017	2016
Accumulated remeasurement losses, beginning of period	\$ (11)	\$ (11)
Unrealized losses attributable to:		
Foreign exchange	(4)	-
Amount reclassified to the Statement of Operations:		
Foreign exchange gain	1	5
Net remeasurement gain (loss) for the period	(3)	5
Accumulated remeasurement losses, end of period	\$ (14)	\$ (6)

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)

Three months ended June 30,				2017	2016
	Unrestricted	Invested in capital assets	Accumulated remeasure- ment losses		
Net Assets, beginning of period	\$ 3,883	\$ 4,979	\$ (11)	\$ 8,851	\$ 480
Excess of revenue over expenses	758	-	-	758	372
Net change in accumulated remeasurement losses	-	-	(3)	(3)	5
Net Assets, end of period	\$ 4,641	\$ 4,979	\$ (14)	\$ 9,606	\$ 857

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,	2017	2016
Operating activities:		
Cash receipts (customers)	\$ 734	\$ 613
Cash receipts (Parliamentary appropriations)	5,929	5,520
Cash receipts (other income)	1	5
Cash payments to and on behalf of employees	(2,482)	(2,375)
Cash payments to suppliers	(2,373)	(2,492)
Interest received	17	29
	1,826	1,300
Capital activities:		
Payments for acquisition of assets under construction	(214)	(215)
Payments for acquisition of assets available for use	(53)	(1,670)
	(267)	(1,885)
Financing activities:		
Parliamentary appropriation for the acquisition of capital assets available for use	71	26
Parliamentary appropriations (capital) funding for capital assets available for use	64	-
Contributions from non-government sources for assets under construction / available for use	510	526
	645	552
Increase (decrease) in cash	2,204	(33)
Cash, beginning of period		
Cash and restricted cash	9,613	12,511
Holdback account	42	53
	9,655	12,564
Cash, end of period		
Cash and restricted cash	11,817	12,464
Holdback account	42	67
	\$ 11,859	\$ 12,531

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, 2017

(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*. 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."

The Governor in Council has not approved the Museum's five-year Corporate Plans since 2013/2014 and, as a result, the related five-year Corporate Plan summaries have not been tabled in Parliament as contemplated by the FAA. The Museum is working with the federal government to obtain approval for the plans.

1 (b). Operations:

The operations of the Museum are divided into three mutually supportive activities which work together to meet all aspects of its mandate. These activities and their respective descriptions are:

Museum Content and Program:

That the Museum's content and programming is consistent with the guiding principles outlined in the Museum's metanarrative, including being objective, innovative, accessible, affecting the way people think and behave towards the rights of others and developed through ongoing community engagement.

Permanent Building:

That the Museum provides a secure and functional facility that meets or exceeds all safety and building code requirements and is easily accessible to the public. That all aspects of facilities management and the information technology infrastructure are managed in a fiscally sound, transparent and accountable manner, ensuring environmental stewardship and employing effective project and risk-management practices throughout.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Stewardship and Corporate Management:

That the Museum adopts sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability and transparency to Canadians for results; the CMHR recruits and retains the necessary human resources; and the CMHR supports the Friends of the CMHR's fundraising campaign to assist with capital costs in the short term and to support programming and other activities within the CMHR in the long-term.

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, 2017 Annual Audited Financial Statements.

3. Cash and restricted cash:

Restricted cash consists of cash held in the Museum's separate bank account and is restricted for use for capital and designated operating costs and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	June 30, 2017		March 31, 2017	
	Cost	Fair value	Cost	Fair value
Cash	\$ 7,487	\$ 7,487	\$ 5,113	\$ 5,113
Restricted cash	4,330	4,330	4,500	4,500
	\$ 11,817	\$ 11,817	\$ 9,613	\$ 9,613

The change in restricted cash is comprised of the following:

Three months ended	June 30, 2017
Balance, beginning of period	\$ 4,500
Add capital Parliamentary appropriations	64
Add deferred interest income	10
Less amounts used to purchase capital assets	(244)
Balance, end of period	\$ 4,330

Canadian Museum for Human Rights

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For the three months ended June 30, 2017

(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. Collections:

The Museum maintains three separate, but related collections that support Museum activities and programs in fulfillment of the Museum's mandate, as noted below:

- Permanent Collection - archives, artifacts and artworks,
- Library Collection - bilingual published materials including electronic publications; and
- Working Collection - materials constructed or purchased for public programming or exhibits and may be deemed expendable.

Only acquisitions designated as part of the Permanent Collection meet the accounting requirements of a Collection as defined in PSAS. Objects purchased for the Permanent Collection are recorded as an expense in the year of acquisition. Objects received as a donation are recorded as an expense along with the offsetting donation revenue in the year of acquisition.

Acquisitions designated as part of the Library or Working Collection are subject to regular capitalization or expense accounting rules based on the Museum's established capitalization threshold level.

During the quarter ended June 30, 2017, the Museum acquired \$nil (2016 - \$3) worth of artifacts for the Permanent Collection which were expensed.

The Museum did not record any revenues for the periods ended June 30, 2017 and June 30, 2016 related to sales of permanent collection items.

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

5. Capital assets:

	Cost March 31, 2017	Additions (Transfers)	Disposals	Cost June 30, 2017
Land	\$ 4,979	\$ -	\$ -	\$ 4,979
Building				
Base	238,625	-	-	238,625
Mechanical and electrical	48,506	-	-	48,506
Exhibits	49,337	158	-	49,495
Computer equipment, hardware and software	7,176	-	-	7,176
Building improvements	7,392	19	-	7,411
Furniture and equipment	2,168	9	-	2,177
Website development	1,082	10	-	1,092
Enterprise program development	1,134	-	-	1,134
Films	97	-	-	97
Sub-total – Assets available for use	360,496	196	-	360,692
Assets under construction	578	263	-	841
	\$ 361,074	\$ 459	\$ -	\$ 361,533

	Accumulated amortization March 31, 2017	Amortization expense	Disposals	Accumulated amortization June 30, 2017
Land	\$ -	\$ -	\$ -	\$ -
Building				
Base	19,222	1,492	-	20,714
Mechanical and electrical	7,840	607	-	8,447
Exhibits	9,702	1,050	-	10,752
Computer equipment, hardware and software	6,532	128	-	6,660
Building improvements	1,061	130	-	1,191
Furniture and equipment	751	59	-	810
Website development	514	52	-	566
Enterprise program development	507	62	-	569
Films	97	-	-	97
Sub-total – Assets available for use	46,226	3,580	-	\$ 49,806
Assets under construction	-	-	-	-
	\$ 46,226	\$ 3,580	\$ -	\$ 49,806

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	Net book value March 31, 2017	Net book value June 30, 2017
Land	\$ 4,979	\$ 4,979
Building		
Base	219,403	217,911
Mechanical and electrical	40,666	40,059
Exhibits	39,635	38,743
Computer equipment, hardware and software	644	516
Building improvements	6,331	6,220
Furniture and equipment	1,417	1,367
Website development	568	526
Enterprise program development	627	565
Films	-	-
Sub-total – Assets available for use	314,270	310,886
Assets under construction	578	841
	\$ 314,848	\$ 311,727

The land was donated to the Museum on April 15, 2009. If the land is no longer to be used for the purposes of the Museum, or such other purposes as approved by the previous owners, the ownership of the land reverts back to the City of Winnipeg and the Forks Renewal Corporation.

The amortization expense for the three months ended June 30, 2017 is \$3.6 million (2016 - \$3.8 million).

Assets under construction represent costs incurred for the initial design of the digital learning centre, travelling exhibitions, as well as costs incurred for other assets including website development and building improvements.

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6. Deferred contributions:

Deferred contributions recorded by the Museum are as follows:

	June 30, 2017	March 31, 2017
Deferred contributions restricted for the purchase of capital assets	\$ 4,013	\$ 4,428

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

Three months ended	June 30, 2017
Balance, beginning of period	\$ 4,428
Additions:	
Parliamentary appropriations (capital)	64
Deferred interest income	10
	74
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(389)
Amounts recognized as revenue	(100)
	(489)
Balance, end of period	\$ 4,013

7. Deferred contributions related to capital assets:

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

Three months ended	June 30, 2017
Balance, beginning of period	\$ 309,081
Amounts transferred from deferred contributions	389
Parliamentary appropriation for the acquisition of capital assets available for use	71
Amortization of deferred contributions related to capital assets available for use	(3,580)
Balance, end of period	\$ 305,961

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

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(In thousands of dollars, unless otherwise noted)

8. 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, 2017	March 31, 2017
Capital assets	\$ 311,727	\$ 314,848
Less amounts financed by deferred contributions related to capital assets	(305,961)	(309,081)
Less amounts to be financed by deferred contributions	(787)	(788)
Land	\$ 4,979	\$ 4,979

9. Parliamentary appropriations:

Three months ended June 30,	2017	2016
Main estimates amount provided for operating and capital expenditures	\$ 6,064	\$ 5,425
Less current period Parliamentary appropriations not recognized as revenue:		
Capital appropriations deferred	(64)	-
Amounts used to purchase capital assets	(71)	(26)
Add prior year Parliamentary appropriations recognized as revenue in the current period :		
Amortization of deferred contributions related to capital assets available for use	1,742	1,983
Restricted amounts used in current period for items expensed for accounting purposes	100	121
	\$ 7,771	\$ 7,503

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(In thousands of dollars, unless otherwise noted)

10. Allocation of expenses:

A portion of personnel costs, professional and special services, information management infrastructure and systems, marketing and promotion, and protection services of \$1.3 million (2016 - \$1.4 million) have been allocated as follows:

Three months ended June 30,	2017		2016	
Museum content and program	\$	750	\$	807
Stewardship and corporate management		449		482
Permanent building		115		137
	\$	1,314	\$	1,426

11. Contractual obligations:

In addition to the commitments as at March 31, 2017, the Museum has entered into additional long-term contracts for \$0.5 million for professional services, of which \$0.5 million require payment within one year.

12. Comparative figures:

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

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For the three months ended June 30, 2017

(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating Revenues

Three months ended June 30,	2017	2016
Admissions and Programs		
General Admission	\$ 322	\$ 376
Memberships	34	40
Public Program	18	26
Education Program	46	50
Retail Boutique Sales	204	157
Facility Rental	187	190
Restaurant and catering	56	72
Total	\$ 867	\$ 911

Contributions

Three months ended June 30,	2017	2016
Revenue related to the amortization of deferred contributions from other donors	\$ 1,838	\$ 1,831
Restricted amounts from other donors used in current period for items expensed for accounting purposes	-	-
Total	\$ 1,838	\$ 1,831

Other income

Three months ended June 30,	2017	2016
In kind and artifact donations	\$ 22	\$ 9
Interest revenue	17	24
Total	\$ 39	\$ 33

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Three months ended June 30,	2017	2016
Amortization of capital assets	\$ 3,580	\$ 3,814
Personnel costs	3,209	3,023
Property taxes	692	592
Building operations	432	432
Exhibitions	294	411
Information management infrastructure and systems	286	338
Marketing and promotion	185	263
Protection services	183	191
Programming	175	77
Professional and special services	139	189
Office supplies and administration	121	102
Exhibits maintenance	120	167
Utilities	105	112
Cost of goods sold	104	84
Travel	70	41
Digital reach	62	67
Permanent collection acquisitions	-	3
Total expenses	\$ 9,757	\$ 9,906