

CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2018

(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 and six months ended September 30, 2018

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 September 30, 2018. It must be read in conjunction with the March 31, 2018 Management Discussion and Analysis and Annual Audited Financial Statements.

FINANCIAL RESULTS

A summary of the financial activity for the six months ended September 30, 2018 includes the following:

OVERVIEW

The Museum had a strong second quarter for 2018-2019, the Museum's fourth full fiscal year of operations. It finished the period with a surplus of revenues over expenses of \$1.4 million.

Total visitation for the six months ended September 30, 2018 was 174,700, a decrease from the 178,800 visitors in the six months ended September 30, 2017. Visitation has been strong since the June 8 opening of *Mandela: Struggle for Freedom* in the Level 1 Gallery. This travelling exhibition, which was developed by CMHR in collaboration with the Apartheid Museum in South Africa, explores the life and legacy of Nelson Mandela.

The visitor survey, completed in the summer of 2018, indicates that visitor satisfaction continues to be very strong at 97% up from 95% in the survey conducted in the summer of 2017. The CMHR continues to attract visitors from all over Canada and internationally. 71% of the Museum's visitors year-to-date 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 14,009 students, teachers and chaperones participating during the first six months of the year.

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STATEMENT OF OPERATIONS

Parliamentary Appropriations

Total parliamentary appropriations, reported on an accrual basis, are \$15.1 million for the six months ended September 30, 2018, or \$0.6 million higher than the \$14.5 million for the six months ended September 30, 2017.

For the fiscal year 2018-2019, the total voted main estimate appropriations are \$21.3 million (\$24.9 million in 2017-2018). This \$3.6 million decrease is due to the planned reduction in appropriations resulting from the Museum having moved a portion of its base operating appropriations to 2012-13 in order to complete the museum facility and exhibitions. The reduction in appropriations is to be offset by the receipt of first installment of \$4.0 million, expected prior to year-end, of the \$35.0 million in funding for operations to be paid over six years provided through Federal Budget 2018.

Revenues

Operating revenue for the six months ended September 30, 2018 was \$2.1 million, \$0.1 million higher than the prior year. Operating revenue includes revenue from admissions, tours, education programs, boutique sales, facility rentals and commissions on the restaurant and catering sales and travelling exhibits.

Contributions of \$4.0 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 the Friends of the CMHR), which are amortized over the same period as the capital asset purchased with the contributions. Contributions increased from \$3.8 million in the prior year due to sponsorship revenue related to *Mandela: Struggle for Freedom*.

Expenses

Total operating expenses were \$20.0 million for the six months ended September 30, 2018, compared to \$19.4 million for the six months ended September 30, 2017. The increase of \$0.6 million is due to an increase in museum content, programs and engagement with the focus on digital reach as well as marketing and promotion for *Mandela: Struggle for Freedom*.

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For the six months ended September 30, 2018, the Museum finished in a positive operating position of \$1.4 million.

STATEMENT OF FINANCIAL POSITION

Total assets decreased by \$8.4 million from \$317.9 million at March 31, 2018 to \$309.5 million at September 30, 2018. The decrease was due to the amortization of capital assets and the decrease in cash and restricted cash offset by an increase in prepaid expenses and short-term investments.

Total liabilities decreased by \$9.8 million from \$308.8 million at March 31, 2018 to \$299.0 million at September 30, 2018. The decrease was due to the amortization of deferred contributions for capital assets received in previous years as well as a decrease in accounts payable and accrued liabilities, deferred contributions and deferred revenue.

Net assets increased by \$1.4 million from March 31, 2018 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 completed a facilitated risk evaluation in 2015-2016 which is reviewed and updated regularly to ensure the organization is appropriately managing the identified risks through its first five years as a fully operating national museum.

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.

Canadian Museum for Human Rights

Quarterly Financial Report

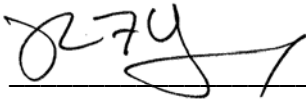
(Unaudited)

For the three and six months ended September 30, 2018

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, Chief Financial Officer

November 19, 2018

Quarterly Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

For the three and six months ended September 30, 2018

(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, 2018	March 31, 2018
Assets		
Current assets		
Cash and restricted cash	\$ 6,384	\$ 10,156
Investments	4,208	3,115
Accounts receivable	718	962
Inventories	224	192
Prepaid expenses	1,050	357
	12,584	14,782
Collections	1	1
Capital assets	296,932	303,138
Total Assets	\$ 309,517	\$ 317,921
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,618	\$ 5,504
Deferred revenue	72	168
	2,690	5,672
Deferred contributions (note 4)	4,610	5,211
Deferred contributions related to capital assets (note 5)	291,664	297,870
Total liabilities	298,964	308,753
Net assets		
Unrestricted	5,574	4,189
Invested in capital assets (note 6)	4,979	4,979
	10,553	9,168
Total liabilities and net assets	\$ 309,517	\$ 317,921

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, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue (Schedule 1)				
Operating	\$ 1,235	\$ 1,096	\$ 2,090	\$ 1,963
Contributions	1,926	1,923	3,961	3,783
Other income	102	28	188	45
Total revenue	3,263	3,047	6,239	5,791
Expenses (Schedule 2)				
Museum content, programs and engagement	3,378	2,748	6,597	5,832
Accommodation	5,415	5,522	10,672	10,818
Internal services	1,479	1,351	2,733	2,728
Total expenses	10,272	9,621	20,002	19,378
Excess of expenses over revenue before parliamentary appropriations	(7,009)	(6,574)	(13,763)	(13,587)
Parliamentary appropriations (note 7)	8,144	6,746	15,148	14,517
Excess of revenue over expenses	\$ 1,135	\$ 172	\$ 1,385	\$ 930

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,			2018	2017
	Unrestricted	Invested in capital assets		
Net assets, beginning of period	\$ 4,189	\$ 4,979	\$ 9,168	\$ 8,851
Excess of revenue over expenses	1,385	-	1,385	930
Net change in accumulated remeasurement losses	-	-	-	(8)
Net assets, end of period	\$ 5,574	\$ 4,979	\$ 10,553	\$ 9,773

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, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Operating activities				
Cash receipts from customers	\$ 1,147	\$ 1,087	\$ 1,742	\$ 1,821
Cash receipts from contributions	53	-	235	1
Cash receipts from parliamentary appropriations	6,394	5,940	11,665	11,869
Cash receipts from other income	-	-	-	1
Cash payments to and on behalf of employees	(3,308)	(4,070)	(7,316)	(6,552)
Cash payments to suppliers	(5,377)	(1,189)	(8,193)	(3,563)
Interest received	26	23	59	40
	(1,065)	1,791	(1,808)	3,617
Capital activities				
Payments for acquisition of capital assets	(631)	(456)	(1,743)	(723)
	(631)	(456)	(1,743)	(723)
Investing activities				
Acquisition of investments	(8)	-	(1,072)	-
	(8)	-	(1,072)	-
Financing activities				
Parliamentary appropriation for the acquisition of capital assets	6	60	62	131
Parliamentary appropriations (capital) funding for the acquisition of capital assets	250	236	250	300
Contributions from non-government sources for capital assets	22	11	539	521
	278	307	851	952
(Decrease) increase in cash	(1,426)	1,642	(3,772)	3,846
Cash, beginning of period				
Cash and restricted cash	10,156	11,817	10,156	9,613
Holdback account	-	42	-	42
	10,156	11,859	10,156	9,655
Cash, end of period				
Cash and restricted cash	6,384	13,458	6,384	13,458
Holdback account	-	43	-	43
	\$ 6,384	\$ 13,501	\$ 6,384	\$ 13,501

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, 2018

(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 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.

(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. Effective April 1, 2018, 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

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

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, 2018 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, 2018 and with the Museum's annual audited financial statements as at and for the year ended March 31, 2018.

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2018

(Unaudited)

(In thousands of dollars, unless otherwise noted)

4. Deferred contributions

Deferred contributions recorded by the Museum are as follows:

	September 30, 2018	March 31, 2018
Deferred contributions restricted for the future purchase of capital assets	\$ 4,610	\$ 5,211

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

Six months ended	September 30, 2018
Balance, beginning of period	\$ 5,211
Additions:	
Parliamentary appropriations (capital)	250
Deferred interest income	39
	289
Deductions:	
Amounts transferred to deferred contributions related to capital assets	(855)
Amounts recognized as revenue	(35)
	(890)
Balance, end of period	\$ 4,610

Canadian Museum for Human Rights

Notes to Quarterly Financial Statements

For the three and six months ended September 30, 2018

(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, are composed of:

Six months ended	September 30, 2018	
Balance, beginning of period	\$	297,870
Amounts transferred from deferred contributions		855
Parliamentary appropriation for the acquisition of capital assets		62
Amortization of deferred contributions related to capital assets		(7,123)
Balance, end of period	\$	291,664

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, 2018		March 31, 2018	
Capital assets	\$	296,932	\$	303,138
Less amounts financed by deferred contributions related to capital assets		(291,664)		(297,870)
Less amounts to be financed by deferred contributions		(289)		(289)
Land	\$	4,979	\$	4,979

Canadian Museum for Human Rights

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

7. Parliamentary appropriations:

	Three months ended		Six months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Main estimates amount provided for operating and capital expenditures	\$ 6,650	\$ 6,236	\$ 11,977	\$ 12,300
Less current period Parliamentary appropriations not recognized as revenue:				
Operating contribution received in advance	-	(1,100)	-	(1,100)
Capital appropriations deferred	(250)	(236)	(250)	(300)
Amounts used to purchase capital assets	(6)	(60)	(62)	(131)
Add prior year Parliamentary appropriations recognized as revenue in the current period:				
Amortization of deferred contributions related to capital assets	1,726	1,735	3,448	3,477
Restricted amounts used in the current period for items expensed for accounting purposes	24	171	35	271
	\$ 8,144	\$ 6,746	\$ 15,148	\$ 14,517

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8. Allocation of expenses:

For the period ending September 30, 2018, \$1.49 million of personnel costs, information management infrastructure and systems, and protection services have been allocated. For the six months ended September 30, 2017, \$2.6 million of personnel costs, information management infrastructure and systems, marketing and promotion, and protection services were allocated. The new Core Responsibilities adopted in the current year require fewer allocations compared to the prior period related to communications, marketing and stakeholder relations.

The expenses have been allocated as follows:

Six months ended September 30,		2018		2017
Museum content, programs and engagement	\$	767	\$	1,472
Internal services		528		886
Accommodation		195		219
	\$	1,490	\$	2,577

9. Comparative figures:

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

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(In thousands of dollars, unless otherwise noted)

Schedule 1 – Schedule of Revenues

Operating Revenues

Six months ended September 30,	2018	2017
Admissions and programs		
General admission	\$ 923	\$ 841
Memberships	80	68
Public program	55	39
Education program	57	53
Retail boutique sales	471	458
Facility rental	388	379
Restaurant and catering	111	121
Travelling exhibits	5	4
Total	\$ 2,090	\$ 1,963

Contributions

Six months ended September 30,	2018	2017
Revenue related to the amortization of deferred contributions from other donors	\$ 3,675	\$ 3,675
Cash donations and sponsorships	205	13
In kind and artifact donations	81	95
Total	\$ 3,961	\$ 3,783

Other income

Six months ended September 30,	2018	2017
Interest revenue	\$ 80	\$ 44
Miscellaneous	108	1
Total	\$ 188	\$ 45

Canadian Museum for Human Rights

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(Unaudited)

(In thousands of dollars, unless otherwise noted)

Schedule 2 – Schedule of Expenses

Six months ended September 30,	2018		2017	
Amortization of capital assets	\$	7,123	\$	7,152
Personnel costs		6,816		6,288
Payment in lieu of taxes		1,316		1,361
Building operations		966		1,144
Marketing and promotion		702		415
Information management infrastructure and systems		485		543
Professional and special services		341		277
Protection services		340		327
Digital reach		332		81
Office supplies and administration		264		220
Exhibitions		239		389
Cost of goods sold		239		233
Programming		233		188
Utilities		233		214
Travel		227		275
Exhibits maintenance		99		230
Other		39		16
Permanent collection acquisitions		8		25
Total expenses	\$	20,002	\$	19,378