

# Royal BC Museum

## 2015/16 ANNUAL SERVICE PLAN REPORT



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## **Board Chair's Accountability Statement**

The *Royal BC Museum 2015/16 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2015/16–2017/18 Service Plan*. I am accountable for those results as reported.



A handwritten signature in black ink, appearing to read 'Susan Knott', with a long horizontal flourish extending to the right.

*Susan Knott*  
*Board Chair*

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## Chair/CEO Report Letter

The Royal BC Museum advances knowledge about British Columbia through our collections, exhibitions, presentations, expertise and partnerships. In 2015/16, government directed us to implement the [Taxpayer Accountability Principles](#); to work with stakeholders to promote our feature *Gold Rush!* exhibition; to continue developing relationships with partners in China; to continue implementation of our comprehensive learning strategy; and to implement our revitalization plan, subject to available funding. Our 2015/16 achievements towards these initiatives are summarized in Appendix C.

Opportunities came from increased tourism and from touring exhibitions. We effectively managed our budget, and improved our monthly financial reporting while we managed the ongoing challenges of rising costs and aging infrastructure. At the same time, we substantially increased the quality and quantity of exhibition and learning outputs through sound fiscal management, productive partnerships, collaboration and the contributions of volunteers.

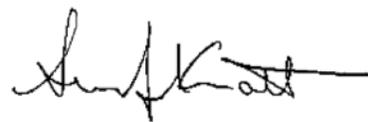
The Royal BC Museum is committed to the intent of the Taxpayer Accountability Principles. All Board members signed the Taxpayer Accountability Principles letter and, with the executive team, are in compliance with its requirements. Working with the ministry, the Royal BC Museum helped develop an evaluation plan and performance measures to track Taxpayer Accountability Principles implementation. We continue to implement and refine the action items, including ongoing orientation, training and communication for new and existing Board members, executive and staff.

In 2015/16 we introduced new management software that aligns individual goals with organizational goals and increases individual and organizational accountability. We audit projects to ensure all activities are being managed appropriately and are guided by Taxpayer Accountability Principles.

The Royal BC Museum has a strong collaborative relationship with ministry colleagues. The Board Chair and the CEO meet regularly with the Minister, and the CEO meets quarterly with the Deputy Minister to discuss planning, performance, results and strategic decision-making. Collaboration extends through the staff level.

The value the Royal BC Museum provides to taxpayers extends well beyond its doors, and includes contributing to government's new education curriculum, the *BC Jobs Plan*, tourism strategy and trade efforts with China, as well as initiatives to address recommendations contained in government's *Chinese Historical Wrongs Consultation Final Report and Recommendations* and in the *Final Report of the Truth and Reconciliation Commission of Canada*. Museum expenditures and spending by visitors attracted to southern Vancouver Island mainly to see a museum exhibit were estimated to account for more than \$45 million of B.C.'s GDP in 2015/16.

The Royal BC Museum demonstrates respect for taxpayers by providing exceptional, cost-effective museum and archives services and helping to build a better, more prosperous province.



Susan Knott  
Board Chair



Jack Lohman, CBE  
Chief Executive Officer

## Purpose of the Organization

The Royal British Columbia Museum was created under the *Museum Act* (2003) to: fulfil the government's fiduciary role as a public trustee of specimens, artifacts and cultural objects, the archives of government and private archival records and other materials that illustrate the natural and human history of British Columbia; to communicate the knowledge of human and natural history through exhibitions, research and programs; and to hold collections for current and future generations of British Columbians. The Royal BC Museum encompasses the museum, BC Archives, Thunderbird Park, the Netherlands Carillon, St. Ann's Schoolhouse and Helmcken House.

In 2016, the Royal BC Museum celebrates 130 years as preserver, interpreter and educator about the history of British Columbia and its peoples. Our purpose today also includes generating tourism-related jobs and revenues and being an ambassador abroad for our province.

## Strategic Direction and Context

Government's 2015/16 *Mandate Letter* directed us to strengthen accountability and promote cost control, to implement priority actions noted in the *Taxpayer Accountability Principles Addendum* and to take the specific actions related to our goals outlined in Appendix C.

Close to 40 per cent of Royal BC Museum's basic operating budget is funded by admissions revenue and philanthropic contributions, both variable and unpredictable sources. Uncertainty about visitor numbers, and the discretionary spending of those who do visit, makes financial planning challenging.

That is why we have continued to seek ways to diversify and increase these revenue sources, including hosting engaging exhibitions that appeal to a wide audience. Many of these exhibitions take several years to develop, making it challenging to plan for sudden changes in the global economy. Last year saw an increase in tourism, particularly from U.S. visitors. Currency exchange rates and a more buoyant U.S. economy has seen that trend continue during 2015/16.

On behalf of government, the Royal BC Museum manages \$80 million worth of building assets located in Victoria, B.C. Additionally, we care for over 7 million objects, records and specimens, insured at over \$200 million.

Key financial and operational challenges include the costs of repairing our aging infrastructure and the associated risks to our collections, as well as the costs for digitization and storage. A stable annual grant from the government shareholder ensures that the Royal BC Museum is able to fulfill its legislated mandate, including assigning funds to maintenance expenditures of approximately \$3 million per year, and other operational activities, including the development of new exhibitions and educational programs, and preservation, care and acquisition of collections.

During this fiscal year, we streamlined our senior management team, and introduced performance management software to link staff performance more closely with strategic objectives in the service plan. We created a new department aligning archives, online access to the collection, digitization and digital initiatives, to simplify processes and provide efficiencies.

The Royal BC Museum is one of the leanest museums and archives in the country. In 2015/16, we continued to grapple with rising costs and an aging infrastructure, with related risks to our collections. Opportunities came from increased tourism, touring exhibitions and a record total of \$910,000 in donations and grants, in addition to the provincial government grant.

## Report on Performance

In 2015/16, the Royal BC Museum met the requirements of our Mandate Letter (see Appendix C for details) and the Taxpayer Accountability Principles action items. We met or made significant progress towards all performance measures and accomplished the following:

- Proactive work to address recommendations of the 2015 *Final Report of the Truth and Reconciliation Commission* supports government's goal of pursuing reconciliation with the First Nations and Aboriginal peoples of British Columbia. Our focus has been on indigenous education, language and culture, as well as museum-specific recommendations of the report. Our work includes collaboration on exhibitions, events and learning programs. We have also increased indigenous communities' access to collections. Close to 30,000 visitors participated in the three-day Aboriginal Cultural Festival, which we hosted again this year with Aboriginal Tourism BC.
- Featured "*Gold Rush! Eldorado in British Columbia*" from May to October 2015, featuring pre-hispanic gold objects from the Museo del Oro in Bogota, Colombia; and arranged for this exhibition to travel to and open at the Canadian Museum of History through to the end of 2016.
- Supported by funding from the *Chinese Historical Wrongs Consultation Final Report*, we digitized and made available to the public an array of artifacts, cultural objects, photographs and audio and video items, as well as nearly 14,000 pages of textual records related to the early days of the Chinese community in B.C. Documents include government agent records, company ledgers, correspondence and journals. We also opened three exhibitions in Guangzhou China.
- In November 2015, the Province recognized the Royal BC Museum with an award for Multicultural Excellence in Government at the annual BC Multicultural Awards.
- AtOM, the archives collection management system launched in the fall, offers users access to more than a million records. IMM, the new museum collection management system, is being populated; currently, nearly half of the disciplines and the public search functions are now available. We also implemented TRIM, a government-standard records management system for corporate records that will facilitate the eventual transition of records into Archives custody.
- We have reached an agreement with government regarding the custody and stewardship of over 33,000 (estimated) government archival records, and met the recommendations in Information and Privacy Commissioner Elizabeth Denham's 2014 special report *A Failure to Archive: Recommendations to Modernize Government Records Management*. We implemented the government records program and have received the first 2,000 archival records into our care.
- We completed a five-year research strategy, which aligns research with strategic priorities, and a digital strategy, which charts the digital future for the museum and archives.
- Our third Collections Risk Assessment was completed.
- The American Alliance of Museums declared the Royal BC Museum a winner in their 27th Annual Excellence in Exhibition Competition for *Our Living Languages: First Peoples' Voices in British Columbia*.
- Third-party weather-corrected energy accounting shows a 591,413 kWh/yr., or \$38,400 saving for 2015 versus 2011, despite increased environmental control and extended hours of operation. Work initiated by the Royal BC Museum is believed to have further reduced consumption at Shared Services BC's central chiller plant by approximately 200,000 kWh/yr.
- Publication highlights for 2015/16 included *Treasures of the Royal BC Museum* (English and Chinese editions), *Highlights of the Royal BC Museum* and *Aliens Among Us*, which appeared on the BC Bestseller List two weeks in row.

- We have incorporated Taxpayer Accountability Principles measures into our practices and procedures, including the following action items for this fiscal year:
  - We have included a Board Chair/CEO letter in this report (action item 5).
  - We have worked with the Ministry in developing an evaluation plan (action item 7).
  - We meet regularly with government at various levels, and are working with them to demonstrate accountability for the outcomes and performance measures (action item 8).
  - We have met government's requirements for communication, orientation and training regarding the accountability framework (action item 9).

### ***Goals, Strategies, Measures and Targets***

We contribute to government's goal of a prosperous economy by creating jobs, increasing tourism, helping to build B.C.'s reputation abroad and enriching education and research by:

- Attracting and engaging more visitors on site and on line;
- Delivering valuable education resources, learning programs and events;
- Better preserving and managing the collections, while making them more accessible;
- Building revenues and support for our economic sustainability, while working towards site improvements that will preserve B.C.'s collections as a lasting legacy for generations to come.

#### ***Goal 1: Create a Unique Royal BC Museum***

Creating a unique B.C. museum and archives enables us to attract and engage more visitors, better fulfilling our legislated mandate to communicate knowledge of B.C.'s human and natural history. It produces higher admissions revenues, and helps attract donors, sponsors and volunteers. This in turn supports economic sustainability and meets government's direction for efficient operation.

#### **Strategies**

- Improving the quality of the museum's main entrance.
- Providing visitors with a first-class welcome.
- Continuing to build on our definitive collections to refresh the lower floor of the museum.
- Providing vibrant temporary exhibitions and refreshed permanent galleries.

These strategies support the cost-efficiency and service aspects of the Taxpayer Accountability Principles and our legislated mandate to serve as an educational institution.

**Performance Measure 1: Number of on-site visitors**

| Performance Measure                                      | 2012/13 Actual | 2013/14 Actual      | 2014/15 Actual      | 2015/16 Target      | 2015/16 Actual | 2016/17 Target <sup>1</sup> | 2017/18 Target <sup>1</sup> |
|--|----------------|---------------------|---------------------|---------------------|----------------|-----------------------------|-----------------------------|
| Number of on-site visitors, in millions (M) <sup>2</sup> | 0.67 M         | 0.65 M <sup>3</sup> | 0.79 M <sup>4</sup> | 0.69 M <sup>5</sup> | 0.792M         | 0.88 M <sup>6</sup>         | 0.79 M <sup>7</sup>         |

Data Source: Finance & Procurement reporting systems. Ticketed visitors to the museum and IMAX are counted automatically by entrance systems. Data is tightly controlled and reliable. Non-ticketed visitor numbers are recorded manually via registration for events/courses and by head counts at events. (Non-ticketed visitors accounted for approximately 14.48 per cent of the overall total in 2015/16.)

<sup>1</sup> Targets for 2016/17 and 2017/18 have been updated to reflect the 2016/17 Service Plan.

<sup>2</sup> See below for what is included in on-site visitor numbers.

<sup>3</sup> *Race to the End of the Earth* drew fewer than expected visitors in 2013/14.

<sup>4</sup> *Vikings* attendance exceeded our projections in 2014/15.

<sup>5</sup> *Gold Rush!* in 2015/16 was expected to be a good draw, although less than *Vikings*.

<sup>6</sup> The extended *Mammoths* exhibition is expected to be a big draw in 2016/17.

<sup>7</sup> Celebrations for Canada's 150<sup>th</sup> birthday are expected to boost attendance for 2017/18.

**Discussion**

- Visitor volume is a key indicator of our effective museum and archives services. Figures include:
  - Paid attendance: tickets sold, including family members, membership visits;
  - Complimentary attendance;
  - School groups, visits to the collections and archives, tours, courses, lectures and people attending private events in gallery-rented space;
  - Visits to events, food trucks, including events hosted by third parties;
  - IMAX visits (these account for about 300,000 visitors a year, for which we provide services and amenities), combined Museum/IMAX tickets are counted as a single visit to the museum.
- The museum is accessible to low-income British Columbians through events such as Admission by Donation Week and the Ministry-supported Family Day. We welcomed 10,500 visitors on February 8, 2016, up from 8,800 people on the same statutory holiday in 2015.

**Performance Measure 2: Visitor satisfaction**

| Performance Measure                                   | 2012/13 Actual | 2013/14 Actual | 2014/15 Actual | 2015/16 Target | 2015/16 Actual | 2016/17 Target <sup>1</sup> | 2017/18 Target <sup>1</sup> |
|---|----------------|----------------|----------------|----------------|----------------|-----------------------------|-----------------------------|
| Per cent of visitors surveyed satisfied with services | 90%            | 93%            | 94%            | 93%            | 93%            | 94% <sup>2</sup>            | 95% <sup>3</sup>            |

Data Source: Marketing & Business Development records. Data is gathered in exit interviews with a random sample of visitors to our physical site, and is reliable with 95% confidence, 19 times out of 20. Surveys are conducted monthly.

<sup>1</sup> Targets for 2016/17 and 2017/18 have been updated to reflect the 2016/17 Service Plan.

<sup>2</sup> We extended our 2016 *Mammoths* exhibition.

<sup>3</sup> Extended celebrations for Canada's 150<sup>th</sup> birthday are expected to boost satisfaction numbers for 2017/18.

Discussion

- This measures our ability to provide an inviting and engaging environment. We conduct periodic evaluations to determine visitor composition, needs, interests and satisfaction. We also have a comprehensive Visitor Service Strategy in partnership with all visitor-facing service providers on site.

**Performance Measure 3: Attendance at learning programs and events**

| Performance Measure                           | 2012/13 Actual | 2013/14 Actual | 2014/15 Actual | 2015/16 Target | 2015/16 Actual       | 2016/17 Target <sup>1</sup> | 2017/18 Target <sup>1</sup> |
|---|----------------|----------------|----------------|----------------|----------------------|-----------------------------|-----------------------------|
| People attending learning programs and events | n/a            | 82,695         | 85,218         | 85,000         | 147,808 <sup>2</sup> | 126,000                     | 132,000                     |

Data Source: Learning department records. Shows people of all ages participating in learning programs and events on site (vs. online), including interacting with gallery animation programs. Data is compiled mainly from manual counts and course registrations, and includes ticketed and non-ticketed events. Measurement of ticketed events is tightly controlled through our entrance systems. Manual counts are cross-checked and considered reliable.

<sup>1</sup> Targets for 2016/17 and 2017/18 have been updated to reflect the 2016/17 Service Plan.

<sup>2</sup> The increase in numbers between 2014/15 and 2015/16 actuals is the result of additional programs (particularly outreach programs) and better data collection regarding the engagement numbers for on-site gallery enhancements. The 15/16 target was established before these changes were confirmed.

Discussion

- Note that these numbers are already included in the overall visitor count. This breakdown shows the extent to which visitors were engaged by a unique Royal BC Museum experience. It supports government’s direction to continue implementing our comprehensive learning strategy.
- This performance measure changed since the 2012/13 Service Plan from the per cent of visitors reporting an increased understanding of the B.C. story. Attendance is deemed a more meaningful measure of progress toward our goal of being a unique Royal BC Museum.
- Our learning programs and events supported our legislated mandate to educate people about B.C.’s natural and human history. We supported government’s focus on family through an ongoing stream of events and lectures, as well as youth camps and school programs.

**Goal 2: Strengthen our digital infrastructure and reputation**

Our digital presence is the virtual face of the museum and archives, supporting our reputation and by extension, that of British Columbia. Online visitor volume is a strong indicator of our success in becoming a modern, accessible museum and archives.

We continue to look for synergies with digitizing partners, like the Google Cultural Institute. We also tap into volunteer support through our Learning Portal playlists and with volunteer digitization stations in the museum and archives. Together these activities provide access to our collection, preserve fragile/at risk records, and grow the opportunity to generate revenue through licensing and image sales.

These efforts support the cost-efficiency and service aspects of the Taxpayer Accountability Principles and our legislated mandate to serve as an educational institution.

## Strategies

- Assessing the strengths and weaknesses of our existing digital infrastructure, and determining prioritized opportunities for improvement. (The output for this is a digital strategy.)
- Creating an online Atlas of British Columbia as a single portal to our collections, research and datasets. (In 2015/16, this strategy was modified to focus on targeted portals, all accessible through the website of the Royal BC Museum.)
- Improving our digital learning outputs to meet the needs of learners throughout B.C.
- Developing a digital communication strategy. (This is now part of the above digital strategy.)

### Performance Measure 4: Visitor Volume On-line

| Performance Measure                          | 2012/13 Actual       | 2013/14 Actual       | 2014/15 Actual                  | 2015/16 Target       | 2015/16 Actual      | 2016/17 Target <sup>1</sup> | 2017/18 Target <sup>1</sup> |
|--|----------------------|----------------------|---------------------------------|----------------------|---------------------|-----------------------------|-----------------------------|
| Total visitors to main site, in millions (M) | page views:<br>2.5 M | page views:<br>2.4 M | page views:<br>5 M <sup>2</sup> | page views:<br>3.0 M | page views:<br>5.1M | page views:<br>5.2 M        | page views:<br>5.3 M        |
|  | sessions:<br>0.49 M  | sessions:<br>0.81 M  | sessions:<br>1.2 M              | sessions:<br>1.2 M   | sessions:<br>1.1 M  | sessions:<br>1.3 M          | sessions:<br>1.5 M          |

Data Source: New Archives & Digital Preservation records. The data is collected by our website statistics, and is tightly controlled and reliable. A single session may contain multiple screen or page views, events or transactions. Pageview data represents the total number of pages viewed, including repeated views of a single page.

<sup>1</sup> Targets for 2016/17 and 2017/18 have been updated to reflect the 2016/17 Service Plan.

<sup>2</sup> Starting in 2014/15, we included pageviews for the collections and archives, giving a truer representation of our digital presence. As a result, there is a significant increase in pageviews compared with previous years. In 2015, we started tracking statistics for the Learning Portal separately, resulting in a slight adjustment of overall site numbers.

## Discussion

- Visitor volume is a key indicator of online success and of our reputation as a modern, accessible museum. It also shows the growing strength of our digital infrastructure. Additions in 2015/16 include launching the Access to Memory database, expanding our Learning Portal and online exhibits and adding to our rapidly growing database of records and objects.

### **Goal 3: Enable greater access to our collections and archives while improving their long-term care**

Central to our mandate is to fulfil government's duty as public trustee of materials that illustrate the natural history and human history of B.C. These materials can include specimens, artifacts and cultural objects, government archives, private archival records, paintings and audio and visual records. We are responsible for preserving, holding and providing access to these materials for current and future generations of British Columbians.

## Strategies

- Managing the ongoing security of the Royal BC Museum's objects, specimens and archives by working to advance the masterplan we developed in 2013.
- Developing a plan for a new public gallery and study centre for our unseen Emily Carr works, including her writings.

- In close collaboration with the Ministry of Technology, Innovation and Citizens’ Services, advancing work on the backlog of government records that will now be deposited in the BC Archives.
- Developing and publishing the Museum’s Research Strategy.

These efforts support the cost-efficiency and service aspects of the Taxpayer Accountability Principles and our legislated mandate to care for the collections and archives.

**Performance Measure 5: Protection of Royal BC Museum collections**

| Performance Measure  | 2012/13 Actual | 2013/14 Actual | 2014/15 Actual | 2015/16 Target | 2015/16 Actual | 2016/17 Target <sup>1</sup> | 2017/18 Target <sup>1</sup> |
|--|----------------|----------------|----------------|----------------|----------------|-----------------------------|-----------------------------|
| Collection Risk Management Index (CRMI) score <sup>2</sup> | 80%            | 82%            | 80%            | 80%            | 80%            | 80%                         | 80%                         |

Data Source: Collections Care & Conservation records. Source

<sup>1</sup> Targets for 2016/17 and 2017/18 have been updated to reflect the 2016/17 Service Plan.

<sup>2</sup> The Collections Risk Management Index (CRMI) measures progress on our Collections Risk Mitigation Plan (CRMP), showing how much has been completed. The CRMP is based on a collections risk assessment done every five years. This was updated in the current fiscal.

**Discussion**

- We completed a comprehensive Collections Risk Assessment in 2015. The assessment follows the Canadian Museum of Nature’s Cultural Property Risk Analysis Model methodology, the international standard. While we maintain a rating of 80%, risk mitigation will not be rated 100% until we have a new collections and research building to address the major earthquake and flooding risks, and provide environmental conditions that meet international standards.
- We developed a masterplan for site renewal to meet international standards and to enable us to preserve, protect and provide access to the province’s human and natural history collections particularly those items at highest risk.
- We developed a comprehensive case for funding by philanthropists, the private sector and all levels of government, for “Treasures...for Generations” the first project that arose from the 2013 Masterplan. We made incremental site improvements, including a new café and food truck festival on the south courtyard and to our lobby and exterior entrance to the north to provide more visibility and easier visitor access without requiring additional capital funding from government.

**Goal 4: Develop as a financially sustainable and progressive organization**

Taxpayer accountability principles promote efforts to support sustainable public policies and programs as a lasting legacy for generations to come.

**Strategies**

- Strengthening and diversifying our funding base, to generate additional income and increase other strands of self-generated income.
- Aligning our skills and succession with our forward plan.
- Strengthening and growing community support, including growing and enhancing the volunteer program of the museum and archives.

- Strengthen international relationships, especially with emerging markets (e.g. China and India).

**Performance Measure 6: Revenue earned from operations**

| Performance Measure   | 2012/13 Actual | 2013/14 Actual | 2014/15 Actual       | 2015/16 Target | 2015/16 Actual       | 2016/17 Target <sup>2</sup> | 2017/18 Target <sup>2</sup> |
|---|----------------|----------------|----------------------|----------------|----------------------|-----------------------------|-----------------------------|
| Revenue earned <sup>1</sup> from operations in millions (M) | \$7.0 M        | \$7.5 M        | \$8.7 M <sup>3</sup> | \$8.3 M        | \$8.1 M <sup>4</sup> | \$8.6 M <sup>5</sup>        | \$7.6 M <sup>6</sup>        |

Data Source: Finance & Procurement reporting systems. Revenue from operations includes admission fees, memberships, lease and licensing revenue. It also includes donated collections and objects, sponsorships and grants and donations received to offset program expenditures incurred in the fiscal year. From 2014/15, this figure includes all revenues except for the operating grant from the Province.

<sup>1</sup> For the purposes of this measure, revenue earned from operations includes admission revenues and revenues from all other sources except the Province of BC operating contributions

<sup>2</sup> Targets for 2016/17 and 2017/18 have been updated to reflect the 2016/17 Service Plan.

<sup>3</sup> Vikings exhibition attendance exceeded our projections in 2014/15.

<sup>4</sup> Gold Rush! exhibition in 2015/16 – attendance was lower than projected.

<sup>5</sup> The extended Mammoths exhibition is expected to be a big draw in 2016/17.

<sup>6</sup> Celebrations for Canada’s 150<sup>th</sup> birthday are expected to boost attendance for 2017/18. However, the projection is conservative, due to the possible renovation within the Clifford Carl Hall area, which may impact attendance.

\*The following discussion is based on actual results compared to the 2015/16 Service Plan Targets.

**Discussion**

- Revenue from admissions exceeded expectations, closing \$0.126 million over budget, approximately 3% above target. With a large part of our budget reliant on admissions revenues, a major focus has been presenting exhibitions, programs and events that will attract increasing numbers of visitors.
- At the same time, we worked to build other revenue streams from our operations. These efforts are reflected under “Other Income” in the financial statements, and include revenues from donations, sponsorships, programs, leases, services and sales, among other items. Other income was \$0.630 million under budget primarily due to funding delays for the archival records project.

**Performance Measure 7: Community Support**

| Performance Measure  | 2012/13 Actual                        | 2013/14 Actual                        | 2014/15 Actual                                     | 2015/16 Target                                     | 2015/16 Actual                         | 2016/17 Target <sup>4</sup>           | 2017/18 Target <sup>4</sup>          |
|--|---------------------------------------|---------------------------------------|--|--|--|---------------------------------------|--------------------------------------|
| Number of volunteer hours <sup>1</sup>                                   | 37,305                                | 36,000 <sup>5</sup>                   | 46,222   | 38,000   | 45,888                                 | 46,250                                | 46,250                               |
| Value of media, both in-kind and earned, in millions (M) <sup>2</sup>    | in-kind: \$0.225 M<br>earned: \$1.0 M | in-kind: \$1.36 M<br>earned: \$1.22 M | in-kind: \$0.75 M<br>earned: \$0.49 M <sup>6</sup> | in-kind: \$0.35 M <sup>7</sup><br>earned: \$1.20 M | in-kind: \$0.82 M<br>earned: \$0.676 M | in-kind: \$0.35 M<br>earned: \$0.57 M | in-kind: \$0.35 M<br>earned: \$0.6 M |
| Donations (cash and securities) and grants, in millions (M) <sup>3</sup> | \$0.016 M                             | \$0.75 M                              | \$0.89 M   | \$0.80 M   | \$0.91 M                               | \$0.85M                               | \$0.9M                               |

Data Source: <sup>1</sup> Human Resources & Volunteer Services records; <sup>2</sup> Marketing & Business Development records; <sup>3</sup> Finance & Procurement reporting systems.

<sup>4</sup> Targets for 2016/17 and 2017/18 have been updated to reflect the 2016/17 Service Plan.

<sup>5</sup> 2013/14 hours reflect low staffing levels, with fewer staff available to manage volunteers;

<sup>6</sup> In 2014/15 the calculation process was revised. Earned media value is now based on costs to purchase the space/time for the article (no multipliers included). In-kind media is straight value of bonus or additional ad space/time above purchase.

<sup>7</sup> Low projection reflected uncertainty about media support as a result of reduced spending.

**Discussion**

- The value of earned media appears to have dropped between 2013/14 and 2014/15. However, this drop reflects a change in the method of calculation, rather than an objective decline. The calculation process was reviewed and updated to align with current communications industry best practice. The actual result for 2015/16 also reflects the more accurate process; however, the 2015/16 target of \$1.20 million was published prior to the change.
- Most grants and donations of cash/securities for the Museum flow through the Royal BC Museum Foundation, and then enter the Museum’s revenue stream as a contribution towards a particular purpose, for example, a current or future exhibition or a planned capital project. Donations noted in performance measure reports may not be directly reflected in revenues for a specific year. Corporate sponsorships do not flow through the Foundation. In 2015/16, these totaled \$141,500, not including in-kind sponsorships.

## **Financial Report**

The Royal BC Museum is committed to a strong financial foundation for the delivery of quality museum and archival services. Financial sustainability is central to our stewardship role. To effectively manage the variable and unpredictable nature of our revenue and philanthropic contributions, we are working to diversify and increase revenue streams and we are exploring innovative ways to engage donors, the provincial and federal governments, as well as the private sector. These revenue streams take time to develop, and require both human and financial resources to build.

### ***Discussion of Results***

The following narrative summarizes the key financial results for the 2015/16 fiscal year and the variances from 2014/15 fiscal as well as the 2015/16 Board-approved budget. The 2015/16 Board-approved budget, which was approved after the 2015/16 Service Plan targets were published, are included in the audited financial statements (Budget vs Actuals) and are presented in the Province's Public Accounts. Because the published budget is not the Service Plan target but the Board-approved budget, this narrative will be restricted to actual results vs the Board-approved budget.

### **Revenues**

The annual grant from the Province accounted for 59% of our total revenue (58% in 2014/15), admission fees provided 23% (25% in 2014/15) and other income provided 18% (17% in 2014/15).

Admission fees fluctuate from year to year depending on the special exhibitions hosted, the economic climate and the weather. Admission revenues decreased this fiscal year by \$0.609 million compared to the prior year due to the success of the Vikings: Lives Beyond the Legends exhibition in fiscal 2014/15. However, we achieved admission revenues \$0.126 million over the Board-approved budget due to the success of our Gold Rush! exhibition in the current fiscal year.

Other income includes grants, sponsorships, leases, rentals, royalties, and other income earned from programs. Other income was \$0.026 million higher than the prior year primarily due to the success of property rental leases. Other income was \$0.630 million less than the Board-approved budget primarily due to funding delays for the archival records project.

### **Expenditures**

The Royal BC Museums' expenses are essentially fixed, other than special exhibitions. We continue to develop strategies to manage expenditures while maximizing programs in order to meet our mandates in the most cost-effective manner.

Salaries and benefits increased by \$0.493 million over the prior year due to continued efforts to fill previously vacant positions as well as additional staffing required for a new fully funded government archival records project. Salaries and benefits were \$0.163 million less than the Board-approved budget, primarily due to hiring delays for the archival records project.

Special exhibitions' expenses vary each year depending on the number and timing of the exhibitions. During the year, these expenses increased by \$0.019 million over the prior year, (\$0.137 million over

the Board-approved budget), mainly caused by a portion of expenses related to the Mammoths: Giants of the Ice Age exhibition expensed in the current fiscal period.

Other operating costs includes a wide range of functions that impact all areas including: offsite storage leases, insurance, travel, bank charges, information systems, marketing and communications, general office supplies, professional services and the fair value of items donated to the collections. These costs decreased by \$1.051 million over the prior year, (\$0.348 million under the Board-approved budget), largely due to reduced spending related to the Royal BC Museum renewal project.

### Financial Resource Summary Table\*

(\*Note: The 2015/16 Budget column shown is the Board-approved budget, which appears in the audited financial statements. The budget was approved after the 2015/16 Service Plan targets were published for fiscal 2015/16, to take into consideration updated information).

| \$ millions                                     | 2010/11       | 2011/12       | 2012/13       | 2013/14       | 2014/15       | 2015/16       | 2015/16       | 2015/16        | 2014/15 –<br>15/16 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------------|
|   | Actual        | Actual        | Actual        | Actual        | Actual        | Budget        | Actual        | Variance       | Variance           |
| <b>Revenues</b>                                 |               |               |               |               |               |               |               |                |                    |
| Province of BC operating contributions          | 12.166        | 12.166        | 12.166        | 11.866        | 11.866        | 11.813        | 11.813        | -              | (0.053)            |
| Museum admission fees                           | 2.785         | 3.026         | 4.071         | 3.604         | 5.148         | 4.413         | 4.539         | 0.126          | (0.609)            |
| Other income                                    | 3.693         | 3.993         | 2.970         | 3.931         | 3.570         | 4.226         | 3.596         | (0.630)        | 0.026              |
| <b>Total Revenue</b>                            | <b>18.644</b> | <b>19.185</b> | <b>19.207</b> | <b>19.401</b> | <b>20.584</b> | <b>20.452</b> | <b>19.948</b> | <b>(0.504)</b> | <b>(0.636)</b>     |
| <b>Expenses</b>                                 |               |               |               |               |               |               |               |                |                    |
| Salaries and benefits                           | 8.908         | 8.863         | 9.048         | 8.303         | 8.604         | 9.260         | 9.097         | (0.163)        | 0.493              |
| Building  | 2.074         | 2.340         | 2.221         | 2.217         | 2.186         | 2.103         | 2.296         | 0.193          | 0.110              |
| Taxes - City of Victoria                        | 0.652         | 0.671         | 0.657         | 0.654         | 0.639         | 0.683         | 0.672         | (0.011)        | 0.033              |
| Security  | 0.834         | 0.896         | 0.929         | 0.934         | 0.819         | 0.864         | 0.855         | (0.009)        | 0.036              |
| Special exhibitions                             | 0.448         | 0.194         | 1.353         | 1.215         | 1.576         | 1.458         | 1.595         | 0.137          | 0.019              |
| Amortization                                    | 1.280         | 1.244         | 1.238         | 1.204         | 1.176         | 1.206         | 0.918         | (0.288)        | (0.258)            |
| Other operating costs                           | 4.395         | 4.943         | 3.707         | 4.852         | 5.536         | 4.833         | 4.485         | (0.348)        | (1.051)            |
| <b>Total Expenses</b>                           | <b>18.591</b> | <b>19.151</b> | <b>19.153</b> | <b>19.379</b> | <b>20.536</b> | <b>20.407</b> | <b>19.918</b> | <b>(0.489)</b> | <b>(0.618)</b>     |
| <b>Annual Surplus of Revenues Over Expenses</b> | <b>0.053</b>  | <b>0.034</b>  | <b>0.054</b>  | <b>0.022</b>  | <b>0.048</b>  | <b>0.045</b>  | <b>0.030</b>  | <b>(0.015)</b> | <b>(0.018)</b>     |
| <b>Net Assets at beginning of year</b>          | <b>12.738</b> | <b>12.791</b> | <b>12.825</b> | <b>12.879</b> | <b>12.901</b> | <b>12.949</b> | <b>12.949</b> | <b>-</b>       | <b>0.048</b>       |
| <b>Net Assets at end of year</b>                | <b>12.791</b> | <b>12.825</b> | <b>12.879</b> | <b>12.901</b> | <b>12.949</b> | <b>12.994</b> | <b>12.979</b> | <b>(0.015)</b> | <b>0.030</b>       |
| <b>Capital Expenditures</b>                     | <b>5.575</b>  | <b>0.548</b>  | <b>0.740</b>  | <b>0.501</b>  | <b>1.583</b>  | <b>3.305</b>  | <b>0.296</b>  | <b>(3.009)</b> | <b>(1.287)</b>     |
| <b>Total Debt</b>                               | <b>-</b>       | <b>-</b>           |

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

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ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

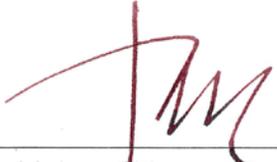
MANAGEMENT'S REPORT

The financial statements of the Royal British Columbia Museum Corporation have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and the integrity and objectivity of the data in these financial statements are management's responsibility. Financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management is also responsible for the safeguarding of financial and operating systems, which include effective controls to provide reasonable assurance that the Corporation's assets are safeguarded and that reliable financial information is produced.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance and Audit Committee. The Finance and Audit Committee meets regularly with management and the external auditors have full and free access to the Committee. The Board of Directors, whose members are not involved in the day-to-day activities of the Corporation, are responsible for the review and approval of the financial statements.

Grant Thornton has audited the financial statements in accordance with Canadian auditing standards.

  
\_\_\_\_\_  
Jack Lohman CBE  
Chief Executive Officer  
  
Victoria, BC  
May 12, 2016

  
\_\_\_\_\_  
Melissa Sands CPA, CA  
Executive Financial Officer



## Independent Auditors' Report

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To the Board of Directors of the Royal British Columbia Museum Corporation

We have audited the accompanying financial statements of the Royal British Columbia Museum Corporation, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net financial position, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements of the Royal British Columbia Museum Corporation for the year ended March 31, 2016, are prepared, in all material respects, in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 2(f) to the financial statements which discloses that the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia are in accordance with Canadian public sector accounting standards except in regard to the accounting treatment of government transfers and restricted contributions. Note 5 to the financial statements discloses the impact of these differences.

Victoria, Canada  
May 12, 2016

*Grant Thornton LLP*

Chartered accountants

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31**

|  | 2016                | 2015                |
|--|---------------------|---------------------|
| <b>Financial Assets</b>                  |                     |                     |
| Cash and cash equivalents (Note 2(b))    | \$3,026,131         | \$3,075,329         |
| Accounts receivable                      | 648,619             | 374,468             |
|  | <u>3,674,750</u>    | <u>3,449,797</u>    |
| <b>Financial Liabilities</b>             |                     |                     |
| Accounts payable and accrued liabilities | 2,562,903           | 2,921,239           |
| Leave liability (Note 2(i))              | 364,557             | 307,406             |
| Deferred revenue (Note 7)                | 2,123,208           | 1,826,050           |
| Deferred capital contributions (Note 8)  | 9,739,966           | 10,371,326          |
|  | <u>14,790,634</u>   | <u>15,426,021</u>   |
| <b>Net Financial Debt</b>                | <b>(11,115,884)</b> | <b>(11,976,224)</b> |
| <b>Non-Financial Assets</b>              |                     |                     |
| Tangible capital assets (Note 10)        | 23,580,999          | 24,673,816          |
| Prepaid expenses                         | 514,119             | 251,866             |
|  | <u>24,095,118</u>   | <u>24,925,682</u>   |
| <b>Accumulated Surplus</b>               | <b>\$12,979,234</b> | <b>\$12,949,458</b> |

Commitments (Note 13)

The accompanying notes are an integral part of these financial statements.

ON BEHALF OF THE BOARD



Director



Director

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31

|   | 2016 Budget<br>(Note 4) | 2016          | 2015          |
|---|-------------------------|---------------|---------------|
| <b>Revenues</b>   |                         |               |               |
| Provincial operating contributions                      | \$ 11,813,000           | \$ 11,812,885 | \$ 11,866,000 |
| Museum admission fees and memberships                   | 4,412,689               | 4,538,575     | 5,147,833     |
| Grants and sponsorships                                 | 2,164,100               | 1,470,113     | 1,427,778     |
| Property leases   | 790,090                 | 868,613       | 796,007       |
| Programs, services and miscellaneous                    | 637,556                 | 491,846       | 566,796       |
| Amortization of deferred capital contributions (Note 8) | 634,952                 | 631,360       | 656,154       |
| Donated collections and artifacts (Note 2(g))           | -                       | 135,047       | 123,375       |
|   | 20,452,387              | 19,948,439    | 20,583,943    |
| <b>Expenses</b>   |                         |               |               |
| Salaries and benefits                                   | 9,259,500               | 9,097,392     | 8,603,887     |
| Building costs  | 2,103,125               | 2,296,025     | 2,186,293     |
| Amortization  | 1,205,543               | 918,421       | 1,175,492     |
| Security  | 864,135                 | 855,475       | 818,934       |
| Taxes, City of Victoria                                 | 683,310                 | 671,527       | 639,046       |
| Special exhibitions (Note 9)                            | 1,457,752               | 1,595,436     | 1,575,831     |
| Systems and telecommunications                          | 802,930                 | 898,863       | 787,250       |
| Professional services                                   | 1,212,374               | 710,057       | 1,868,611     |
| Materials and supplies                                  | 480,661                 | 635,497       | 475,439       |
| Offsite Storage   | 717,980                 | 691,709       | 691,084       |
| Marketing and communications                            | 413,906                 | 361,381       | 496,617       |
| Office and business                                     | 431,128                 | 420,153       | 465,083       |
| Insurance   | 240,000                 | 204,048       | 203,326       |
| Travel  | 337,671                 | 233,735       | 273,480       |
| Bank charges  | 120,000                 | 96,723        | 105,993       |
| Collections and artifacts                               | -                       | 135,047       | 123,375       |
| Other   | 77,000                  | 97,174        | 45,828        |
|   | 20,407,015              | 19,918,663    | 20,535,569    |
| <b>Annual Surplus</b>                                   | 45,372                  | 29,776        | 48,374        |
| Accumulated Surplus, beginning of year                  | 12,949,454              | 12,949,458    | 12,901,084    |
| <b>Accumulated Surplus, end of year</b>                 | \$ 12,994,826           | \$ 12,979,234 | \$ 12,949,458 |

The accompanying notes are an integral part of these financial statements.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION  
STATEMENT OF CHANGES IN NET DEBT  
FOR THE YEAR ENDED MARCH 31, 2016**

|   | 2016 Budget<br>(Note 4) | 2016            | 2015            |
|---|-------------------------|-----------------|-----------------|
| Annual Surplus                          | \$ 45,372               | \$ 29,776       | \$ 48,374       |
| Acquisition of tangible capital assets  | (625,000)               | (295,375)       | (1,583,109)     |
| Amortization of tangible capital assets | 1,874,145               | 1,388,193       | 1,175,492       |
|   | 1,294,517               | 1,122,594       | (359,243)       |
| Acquisition of prepaid expense          | -                       | (348,977)       | (251,866)       |
| Use of prepaid expense                  | -                       | 86,723          | 509,369         |
|   | -                       | (262,254)       | 257,503         |
| Change in net debt                      | 1,294,517               | 860,340         | (101,740)       |
| Net debt, beginning of year             | (11,976,224)            | (11,976,224)    | (11,874,484)    |
| Net debt, end of year                   | \$ (10,681,707)         | \$ (11,115,884) | \$ (11,976,224) |

The accompanying notes are an integral part of these financial statements.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| <b>Operating Activities</b>                   |                     |                     |
| Annual Surplus                                | \$ 29,776           | \$ 48,374           |
| Items not affecting cash:                     |                     |                     |
| Amortization                                  | 1,388,339           | 1,175,492           |
| Deferred Capital Contributions                | (631,360)           | 25,671              |
| Changes in non-cash capital:                  |                     |                     |
| Accounts Receivable                           | (274,151)           | (199,002)           |
| Prepaid Expenses                              | (262,254)           | 257,503             |
| Accounts Payable and Accrued liabilities      | (358,336)           | 1,154,622           |
| Leave Liability                               | 57,151              | (21,779)            |
| Deferred Revenue                              | 297,158             | (3,555,381)         |
| <b>Cash from operating activities</b>         | <b>246,323</b>      | <b>(1,114,500)</b>  |
| <b>Investing Activities</b>                   |                     |                     |
| Cash used to purchase tangible capital assets | (295,521)           | (1,583,109)         |
| <b>Cash from investing activities</b>         | <b>(295,521)</b>    | <b>(1,583,109)</b>  |
| Decrease in cash and cash equivalents         | (49,198)            | (2,697,609)         |
| Cash and cash equivalents, beginning of year  | 3,075,329           | 5,772,938           |
| <b>Cash and cash equivalents, end of year</b> | <b>\$ 3,026,131</b> | <b>\$ 3,075,329</b> |

The accompanying notes are an integral part of these financial statements.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

**1. Nature of operations**

The Royal British Columbia Museum Corporation (the "Corporation") is a Crown Corporation of the Province of British Columbia without share capital, incorporated on April 1, 2003 under the *Museum Act*. The Corporation is a tax-exempt body under Section 149(1)(d) of the *Income Tax Act*.

The purpose of the Corporation is to fulfill the Government's fiduciary responsibilities for public trusteeship of the Provincial collections and exhibitions, including specimens, artifacts, archival and other materials that illustrate the natural and human history of British Columbia. The Corporation is dedicated specifically to the preservation of, and education about, the human and natural history of British Columbia. The collection is preserved for future generations of British Columbians.

**2. Summary of significant accounting policies**

(a) Basis of presentation

The financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers as described in Note 2(f).

(b) Cash and cash equivalents

Cash includes cash on hand and balances held in Canadian bank accounts. Cash equivalents are investments in term deposits and are valued at their carrying value plus accrued interest. The carrying amounts approximate fair value as they have maturities at the date of purchase of less than ninety days.

(c) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities all of which are reported at amortized cost.

(d) Revenue recognition

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, eligibility criteria are met and reasonable estimates of the amount can be made, with the exception of transfers received for capital contributions as described in Note 2(f).

Admission and program fees are recognized as revenue on the date the service is provided. Membership fees are recognized as revenue on a straight-line basis over the term of the membership.

Investment, royalty and rental revenues are recognized when earned in accordance with specified agreements when the amounts can be reasonably estimated and receipt is likely.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

*Summary of significant accounting policies continued*

Grants provided for operational projects by external parties or governments are recognized in the period in which the resources are used, in accordance with the terms of the funding agreement.

Contributions provided for capital projects by external parties or governments are deferred and recognized as revenue on the same basis the related assets are amortized, in accordance with the terms of the funding agreement.

(e) Tangible capital assets

Tangible capital assets are reported at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

|                                  |                |
|----------------------------------|----------------|
| • Buildings and improvements     | up to 40 years |
| • Permanent exhibitions          | up to 10 years |
| • Computer hardware and software | up to 10 years |
| • Operating equipment            | 5 years        |
| • Vehicles                       | 3 years        |
| • Furniture                      | 5 years        |

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(f) Deferred contributions

Funding received for the acquisition of depreciable tangible capital assets is recorded as a deferred contribution and is recognized as revenue in the Statement of Operations in an amount equal to the amortization expense on the related depreciable assets. This policy is in accordance with Treasury Board Regulation BC 198/2011 under the authority of the *Budget Transparency and Accountability Act*, S.B.C. 2000, c.23, s.23. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and certain eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability, in which case the transfer would be recognized as revenue over the period in which the liability is extinguished. The impact of the difference in this accounting policy on the financial statements is presented in Note 5.

(g) Collections

In accordance with *PS1000 Financial Statement Concepts*, the collections, including art and historic treasures, are not recorded as assets in the financial statements. Donated collections are recorded as revenue estimated at the fair market value of the gift based on appraisals by independent appraisers. The acquisition of both donated and purchased collections are expensed.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

*Summary of significant accounting policies continued*

(h) Volunteers

During the year, volunteers contributed approximately 45,888 (2015: 46,222) hours in support of the Corporation. Their activities include guided gallery tours and a variety of programs that enrich the visitor's experience at the Corporation and its profile in the community. Due to the complexities involved in valuing these services, they have not been reflected in the financial statements.

(i) Employee benefit plans

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The Plan is a multi-employer, defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually. These contributions to the plan are expensed as incurred.

The Corporation annually contributes through the Provincial Government payroll benefit plan for specific termination benefits and employee benefits as provided for under collective agreements and conditions of employment. The benefit charge back rate that the Corporation pays through the Provincial Government is 24.8%. Costs of future benefits are recognized as an expense in the year that contributions are paid.

The Corporation administers a leave liability bank consisting of unused vacation earned. The full value of any accumulated vacation is paid upon retirement or termination.

(j) Use of estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. This includes and is not limited to the useful lives of capital assets.

**3. Statement of Remeasurement**

A Statement of Remeasurement has not been included in these financial statements. Management has determined that it would not provide any additional meaningful information as the Corporation did not recognize any remeasurement gains or losses during the year.

**4. Budget**

Budgeted figures provided in these statements were approved by the Finance and Audit Committee on April 30, 2015.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

5. Emphasis of Matter

***Impact of Accounting for Government Transfers and Restricted Contributions in Accordance with Section 23.1 of the Budget Transparency and Accountability Act***

If the Corporation adopted Canadian public sector accounting standards excluding the modifications as described in the Treasury Board Regulation BC 198/2011 under the authority of the *Budget Transparency and Accountability Act*, S.B.C. 2000, c.23, s.23, the impact on the financial statements is presented as follows:

|  | 2016<br>Increase/<br>(Decrease) | 2015<br>Increase/<br>(Decrease) |
|--|---------------------------------|---------------------------------|
| <b>Statement of Financial Position</b>         |                                 |                                 |
| Deferred capital contributions                 | \$ (9,739,966)                  | \$ (10,371,326)                 |
| Accumulated surplus                            | \$ 9,739,966                    | \$ 10,371,326                   |
| <b>Statement of Operations</b>                 |                                 |                                 |
| Amortization of deferred capital contributions | \$ (631,360)                    | \$ (656,154)                    |
| Annual (surplus) deficit                       | \$ (631,360)                    | \$ (656,154)                    |

6. Financial risk management

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities all of which are reported at amortized cost.

It is management's opinion that the Corporation is not exposed to significant liquidity or credit risks arising from these financial instruments.

*Liquidity Risk:* Cash and cash equivalents are held with financially sound institutions and as such liquidity risk is not significant.

*Credit Risk:* Receivable balances consist primarily of trade receivables. At the financial statement date, 4% of the accounts receivable balance is past due and none is considered to be impaired. As such the Corporation is not exposed to significant credit risk.

7. Deferred revenue

Deferred revenue includes funds related to grants for restricted operating projects, future gallery rental deposits, advance admission sales, memberships and unredeemed gift cards.

|                                 | 2016         | 2015         |
|---------------------------------|--------------|--------------|
| Operating projects (restricted) | \$ 1,725,139 | \$ 1,412,986 |
| Other                           | 398,069      | 413,064      |
| Total                           | \$ 2,123,208 | \$ 1,826,050 |

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

8. Deferred capital contributions

Deferred capital contributions include funds received for construction of permanent exhibitions as well as facilities upgrades including HVAC systems, elevators, lighting and electrical capacity upgrades and permanent exhibits.

|                       | Balance at<br>March 31, 2015 | Additions/<br>(transfer) | Amortized<br>to Revenue | Balance at<br>March 31, 2016 |
|-----------------------|------------------------------|--------------------------|-------------------------|------------------------------|
| Provincial government | \$ 5,026,756                 | \$ -                     | \$ 150,322              | \$ 4,876,434                 |
| Federal government    | 3,204,891                    | -                        | 167,966                 | 3,036,925                    |
| Other                 | 2,139,679                    | -                        | 313,072                 | 1,826,607                    |
| <b>Total</b>          | <b>\$ 10,371,326</b>         | <b>\$ -</b>              | <b>\$ 631,360</b>       | <b>\$ 9,739,966</b>          |

9. Special exhibitions

The Corporation hosts temporary exhibitions to provide a window on the world and encourage repeat visitation. In fiscal year 2016 these included: Our Living Languages, Gold Rush! El Dorado in BC, Wildlife Photographer of the Year, Species at Risk, British Columbia's War (1914-1918), Guangzhou to British Columbia: The Chinese Canadian Experience, 1858 to 1958, Gold Mountain Dream!, and Finding Fishes. In fiscal year 2015 these included: *Vikings*, *Our Living Languages*, *British Columbia Remembers: The Great War* and *2014 Wildlife Photographer of the Year*. Costs allocated to special exhibitions are those additional costs which are directly incurred to host the exhibition. Professional service contract expenses include exhibition loan fees where applicable.

|                                | 2016                | 2015                |
|--------------------------------|---------------------|---------------------|
| Salaries and benefits          | \$ 159,636          | \$ 161,512          |
| Professional service contracts | 170,379             | 853,866             |
| Amortization                   | 469,126             | -                   |
| Marketing and communications   | 324,611             | 424,704             |
| Materials and supplies         | 252,837             | 72,599              |
| Other                          | 218,847             | 63,150              |
| <b>Total</b>                   | <b>\$ 1,595,436</b> | <b>\$ 1,575,831</b> |

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

10. Tangible capital assets

| Cost                       | Balance at<br>March 31, 2015 | Additions         | Disposals           | Balance at<br>March 31, 2016 |
|----------------------------|------------------------------|-------------------|---------------------|------------------------------|
| Land                       | \$ 12,510,140                | \$ -              | \$ -                | \$ 12,510,140                |
| Permanent exhibitions *    | 2,943,306                    | 135,893           | (408,174)           | 2,671,025                    |
| Operating equipment        | 593,240                      | -                 | -                   | 593,240                      |
| Hardware and software      | 2,382,211                    | 153,486           | -                   | 2,535,697                    |
| Furniture                  | 31,340                       | -                 | -                   | 31,340                       |
| Buildings and improvements | 12,458,479                   | 6,142             | -                   | 12,464,621                   |
| <b>Total</b>               | <b>\$ 30,918,716</b>         | <b>\$ 295,521</b> | <b>\$ (408,174)</b> | <b>\$ 30,806,063</b>         |

| Accumulated Amortization   | Balance at<br>March 31, 2015 | Amortization        | Accumulated<br>Amortization<br>on Disposals | Balance at<br>March 31, 2016 |
|----------------------------|------------------------------|---------------------|---|------------------------------|
| Land                       | \$ -                         | \$ -                | \$ -  | \$ -                         |
| Permanent exhibitions      | 1,478,895                    | 588,106             | (408,031)                                   | 1,658,971                    |
| Operating equipment        | 371,123                      | 77,711              | -   | 448,834                      |
| Hardware and software      | 1,682,696                    | 189,664             | -   | 1,872,360                    |
| Furniture                  | 23,048                       | 3,323               | -   | 26,371                       |
| Buildings and improvements | 2,689,139                    | 529,389             | -   | 3,218,528                    |
| <b>Total</b>               | <b>\$ 6,244,901</b>          | <b>\$ 1,388,193</b> | <b>\$ (408,031)</b>                         | <b>\$ 7,225,064</b>          |

| Net Book Value             | Balance at<br>March 31, 2015 | Balance at<br>March 31, 2016 |
|----------------------------|------------------------------|------------------------------|
| Land                       | \$ 12,510,140                | \$ 12,510,140                |
| Permanent exhibitions      | 1,464,411                    | 1,012,054                    |
| Operating equipment        | 222,117                      | 144,406                      |
| Hardware and software      | 699,515                      | 663,337                      |
| Furniture                  | 8,292                        | 4,969                        |
| Buildings and improvements | 9,769,340                    | 9,246,093                    |
| <b>Total</b>               | <b>\$ 24,673,815</b>         | <b>\$ 23,580,999</b>         |

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

11. Collections

In fiscal 2016 the Corporation conducted a collection risk assessment and determined as at March 31, 2016, the collections consisted of approximately 7.7 million artifacts, specimens and archival records (2015: 7.2 million). During the year, the Corporation de-accessioned 11 batches (2015: 32) and accessioned 247 batches (2015: 166) to its collections through the acquisition, purchase and accessioning process. The collections are valued at \$150 million for insurance purposes.

12. The Royal British Columbia Museum Foundation

The Corporation has an economic interest in the Royal British Columbia Museum Foundation (the "Foundation"). The Foundation is an independent organization with its own Board of Directors therefore the accounts of the Foundation are presented separately and are not consolidated in these financial statements. The Foundation was incorporated to support activities on behalf of the Corporation. The principal activities of the Foundation are the operation of the Royal Museum Shop, the management of donations, bequests, endowments and the support of projects undertaken by the Corporation.

The Foundation has internally restricted funds of approximately \$3,284,000 (2015 - \$3,322,000), which are reserved for specific projects for transfer to the Corporation in future years.

During the year, the following amounts were paid by the Foundation to the Corporation:

|                                  | 2016              | 2015              |
|----------------------------------|-------------------|-------------------|
| Funding for non-capital projects | \$ 680,023        | \$ 823,606        |
| Gift shop royalties              | -                 | -                 |
| Purchase of goods and services   | 54,879            | 76,369            |
| <b>Total</b>                     | <b>\$ 734,902</b> | <b>\$ 899,975</b> |

As at March 31, 2016, \$213,396 is due from the Foundation to the Corporation and is included in the accounts receivable balance (2015: \$143,160).

During the year, the following amounts were paid by the Corporation to the Foundation:

|                                | 2016              | 2015             |
|--------------------------------|-------------------|------------------|
| Donations                      | \$ 122,262        | \$ 26,258        |
| Purchase of goods and services | 3,280             | 4,112            |
| <b>Total</b>                   | <b>\$ 125,542</b> | <b>\$ 30,370</b> |

As at March 31, 2016, \$29,211 is due from the Corporation to the Foundation (2015: \$607).

During the year, the CEO of the Corporation was independently contracted by the Foundation to provide professional consulting services with respect to fundraising.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

13. Commitments

Operating Agreement

The Corporation has entered into a Theatre Operating Agreement for the operation of a large screen motion picture theatre on the Corporation's premises. Under the terms of the Agreement, the Corporation will be paid a royalty from the theatre including certain negotiated adjustments, plus specific amounts for additional operating costs. The term of the Agreement is 30 years and expires June 24, 2028.

Property Management Contract

The Corporation has entered into a 5 year service agreement for the provision of building management and maintenance services expiring March 31, 2020. Under the terms of the agreement, the Corporation will pay annual management fees based on 14% of the preventive and maintenance budget (2017 budget: \$745,000). Although the preventive and maintenance budget will likely change over time, the direction and amount of change cannot be estimated with certainty. Forecasting property management costs based on current budget levels result in the following obligations:

|              |    |                |
|--------------|----|----------------|
| 2017         | \$ | 104,300        |
| 2018         |    | 104,300        |
| 2019         |    | 104,300        |
| 2020         |    | 104,300        |
| <b>Total</b> | \$ | <b>417,200</b> |

Additionally, the Corporation will pay for direct maintenance costs as incurred by the contractor.

Information Technology Support Contract

The Corporation has extended to October 31, 2017 a service agreement for the provision of helpdesk and technical infrastructure support services. Under the terms of the agreement, the Corporation will pay fixed and variable fees. Fixed fees are as follows:

|              |    |                |
|--------------|----|----------------|
| 2017         | \$ | 218,890        |
| 2018         |    | 127,686        |
| <b>Total</b> | \$ | <b>346,576</b> |

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Security Contract

In May 2014 the Corporation entered into a 5 year service agreement for the provision of security services expiring March 31, 2019. Under the terms of the agreement, the Corporation will pay annual fees as follows:

|              |                     |
|--------------|---------------------|
| 2017         | 805,953             |
| 2018         | 822,072             |
| 2019         | 838,513             |
| <b>Total</b> | <b>\$ 2,466,538</b> |

Additionally, the Corporation will pay for direct security costs as incurred by the contractor for special events, late openings and other functions that require additional security services.

Exhibition Loan Fees

The Corporation has a commitment to disburse the following fees related to the loan of artifacts and objects. Future anticipated payments are as follows:

|              |                   |
|--------------|-------------------|
| 2017         | \$ 259,018        |
| <b>Total</b> | <b>\$ 259,018</b> |

Lease Commitments

The Corporation has operating leases to rent warehouse and cold storage space to store and preserve artifacts which expire on April 30, 2020 and January 31, 2017 respectively. Future minimum payments are as follows:

|              |                   |
|--------------|-------------------|
| 2017         | \$ 240,913        |
| 2018         | 176,970           |
| 2019         | 176,970           |
| 2020         | 176,970           |
| <b>Total</b> | <b>\$ 771,823</b> |

The Corporation is also obligated to cover a proportion of property taxes for the lease expiring in 2020. These costs amounted to \$39,899 in fiscal year 2016.

## **Appendix A: Subsidiaries and Operating Segments**

Not Applicable

## **Appendix B: Additional Information**

### ***Organizational Overview***

The strategic priorities of the Royal BC Museum are supported by three organizational streams, each responsible for a number of business areas.

- Archives and Museum Operations
- Collections, Knowledge and Engagement
- Finance

Also see: [royalbcmuseum.bc.ca/about/corporate-information/organizational-overview/](http://royalbcmuseum.bc.ca/about/corporate-information/organizational-overview/)

### ***Governance***

We are governed by a Board of Directors, which is accountable to the Minister Responsible for implementing government's direction. Under the Board's direction, management carries out the day-to-day operations of the corporation, under the supervision of the Chief Executive Officer. For more information, please see [royalbcmuseum.bc.ca/about/corporate-information/governance](http://royalbcmuseum.bc.ca/about/corporate-information/governance).

Board governance information on the Royal BC Museum's websites includes all information required by the Board Resourcing and Development Office's board governance disclosure requirements as listed in Section 3 of the Best Practice Guidelines Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations.

### **Board of Directors**

Susan Knott, Chair; David B. Adams; Daphne Corbett; Heidi E. Dale-Johnson; Wendy King; Raymond Protti; Terry Segarty; Peeter Wesik; Angela Wesley; Garth Evans (to December 2015)

### **Board Committees**

Finance and Audit; Governance, Nominating and Human Resources; Site Development

### **Senior Management**

Professor Jack Lohman, CBE, Chief Executive Officer; Angela Williams, Chief Operating Officer & Deputy CEO, Archives and Museum Operations; Dr Scott Cooper, Vice President, Collections, Knowledge and Engagement; Melissa Sands, CPA, CA, Executive Financial Officer.

Also see: [royalbcmuseum.bc.ca/about/corporate-information/governance/](http://royalbcmuseum.bc.ca/about/corporate-information/governance/)

### ***Reports and Policy***

See [royalbcmuseum.bc.ca/about/corporate-information/reports-and-policy/](http://royalbcmuseum.bc.ca/about/corporate-information/reports-and-policy/)

### ***Contact Information***

The Royal British Columbia Museum's collections, exhibition galleries, archives and administration are located on Victoria's Inner Harbour, at 675 Belleville Street, Victoria BC, V8W 9W2.

Phone 250-356-7226; email [receptionist@royalbcmuseum.bc.ca](mailto:receptionist@royalbcmuseum.bc.ca); website [royalbcmuseum.bc.ca/](http://royalbcmuseum.bc.ca/)

## Appendix C: Mandate and Actions Summary

In the 2015/16 Mandate Letter from the minister responsible, the Royal BC Museum received direction on strategic priorities for the 2015/16 fiscal year. These priorities and our resulting actions are summarized below:

| <b>Mandate Letter Direction</b>  | <b>Action by Royal BC Museum</b>   |
|--|--|
| <p>1. Work together with stakeholders to promote the upcoming 2015 <i>Gold Rush!</i> exhibition and the importance of the BC gold rush to the history of the province.</p> | <p><i>Gold Rush! El Dorado in British Columbia</i> opened May 12, 2015. On time and on budget, this was the first travelling exhibition in more than two decades to have been planned and developed in-house. Our partners included the Canadian Museum of History, the Canadian Mint, Barkerville and the Museo del Oro in Bogotá, Colombia, with support from the B.C. government, Tourism Victoria and the Royal BC Museum Foundation. <i>Gold Rush!</i> exceeded projections, bringing in \$2.87 million in admission revenues. The exhibition then travelled to the Canadian Museum of History.</p>   |
| <p>2. Continue to develop key relationships with partners in China to support research, collections, exhibition touring and increased tourism to B.C.</p>                  | <p>We launched two gold rush related exhibitions in Guangzhou, China. <i>Gold Mountain Dream!</i> opened at the Guangdong Museum of Chinese Nationals Residing Abroad in November 2015, the cultural centerpiece of the Premier’s China trade mission. It travelled to seven more cities in Guangdong Province. In October 2015, <i>Guangzhou to Victoria: The Chinese Canadian Experience, 1858 to 1958</i> opened at the Yuexiu Park Metro Station, where about 70,000 commuters saw it each day.</p> <p>We continue to develop and foster key relationships with partners in China to support research, collections, exhibition touring and increased tourism to B.C. Our <a href="#">Chinese website</a> and social media platform showcase the cultural assets of our province. Partnerships and collaborations with major museums in Beijing, Guangdong and Hong Kong demonstrate our growing international profile, which provides opportunities for future growth and development.</p> |
| <p>3. Continue implementation of the comprehensive new learning strategy.</p>  | <p>Our learning strategy aims to inspire and sustain a vibrant community of lifelong learners across B.C. through on-site, online and outreach programs. The strategy supports the Province’s new K-12 curriculum by providing tools for teachers and for learners of all ages, while accommodating diverse learning styles. Through strategic partnerships and collaboration, we increased the frequency and range of events without increasing staffing. Initiatives include:</p> <p><i>Online:</i> The <a href="#">Learning Portal</a> forms a nucleus for learning about B.C. from our experts, our collections and each other. For</p>  |

|  |   |
|--|---|
|  | <p>example, the <a href="#">Our Living Languages</a> site includes first-person videos, images from our collections, a language map and links to vetted resources for further exploration. We continue to add videos, virtual exhibits, archival material, educational games and activities, modifiable learning plans and resource packages to the portal. This year we introduced interactive, curated playlists created and shared by staff, teachers, students and general users.</p> <p><i>Outreach:</i> Our <i>Species at Risk</i> travelling exhibition visited eight regions across the province. We developed Writing on the Wall outreach boxes, conceived with Open School BC, focused on recommendations in government’s <i>Chinese Historical Wrongs Consultation Final Report</i>. On the theme of Truth and Reconciliation, we launched a year-long, partner-school initiative integrating classroom studies with museum engagement. For students in the Kootenays, we ran multi-day Skype sessions on fossils, with Earth History and Learning staff as facilitators.</p> <p><i>On-site:</i> We hosted two professional development workshops for teachers focused on the new B.C. science curriculum and using primary source documents for school research projects. Special-interest workshops combined access to exhibitions, collections and artists, plus staff expertise and hands-on activities. Our summer, fall and winter on-site events involved an array of partners, from CRD parks to the Wall Institute for Advanced Studies, to Ocean Networks Canada.</p> |
| <p>4. Commence the implementation of the Royal BC Museum revitalization plan to provide more opportunities to expand programs and exhibits; diversify and increase revenue opportunities. The scale of the redevelopment is contingent on the Royal BC Museum’s capacity to fund the changes internally or through public support.</p> | <p>We began implementing our revitalization plan to provide more opportunities for expanded programs and exhibits, and to diversify and increase revenue opportunities. We developed plans and costing to address the highest priority needs, and we continued to seek assistance with funding from private and public sources. We raised approximately \$3.5 million through the Royal BC Museum Foundation towards this goal. In the meantime, we proceeded with projects we could fund internally, including:</p> <ul style="list-style-type: none"> <li>• Upgrading the lobby, precinct, signage and landscaping.</li> <li>• A new Pocket Gallery in Clifford Carl Hall, which offers, without charge, a series of rotating exhibitions highlighting sides of the Royal BC Museum not often seen.</li> <li>• Replacing the cafe with a coffee/cuisine bar in Clifford Carl Hall, where new seating options and tables allow for meeting and discussion in an updated, open space.</li> <li>• Partnering with food truck owners to provide a variety of outdoor eating options on site.</li> </ul>   |