

Royal BC Museum

2018/19
ANNUAL SERVICE PLAN REPORT

August 2019



For more information on the Royal BC Museum contact:

675 Belleville Street, Victoria B.C. V8W 9W2

250 356-7226

receptionist@royalbcmuseum.bc.ca

Or visit our website at
royalbcmuseum.bc.ca

Board Chair's Accountability Statement



The Royal BC Museum *2018/19 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2018/19 - 2020/21 Service Plan* created in February 2018. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'R. Protti', written over a horizontal line.

Raymond Protti
Board Chair

Table of Contents

Board Chair’s Accountability Statement.....	3
Chair/CEO Report Letter.....	5
Purpose of the Annual Service Plan Report	6
Purpose of the Organization	6
Strategic Direction.....	6
Operating Environment	7
Report on Performance.....	8
Goals, Objectives, Measures and Targets	8
Financial Report	18
Discussion of Results	18
Auditor’s Report	21
Audited Financial Statements	22
Appendix A – Additional Information	48
Corporate Governance	48
Organizational Overview	48
Contact Information	49

Chair/CEO Report Letter

The Royal BC Museum (Museum) advances knowledge about British Columbia through its collections, exhibitions, presentations, expertise and partnerships. In 2018/19, the Royal BC Museum also focussed efforts on the strategic priority actions contained in the [2018/19 Mandate Letter](#). This direction included making life more affordable for families and businesses; delivering the services that people count on; building a strong, sustainable, innovative economy that works for everyone; and incorporating the [United Nations Declaration on the Rights of Indigenous Peoples \(UNDRIP\)](#) and the [Calls to Action of the Truth and Reconciliation Commission](#).

In 2018/19 the Museum managed effectively within its budget while at the same time substantially increasing the quality and quantity of exhibition and learning outputs through sound fiscal management, productive partnerships, collaboration and the contributions of volunteers.

The Museum employed a number of protocols and mechanisms to facilitate strategic, proactive engagement with the Ministry of Tourism, Arts and Culture in 2018/19. These included quarterly meetings of the Minister and the Museum's Chair of the Board of Directors, and monthly meetings between the Deputy Minister and the Museum's CEO, to discuss strategic priorities, performance measures and emerging opportunities. Additionally, the CEO, Executive, Department Heads and all staff met regularly to ensure their day-to-day activities were aligned with the corporate strategy.

The Museum continued to refine its approach to the orientation and professional development in 2018/19, providing comprehensive orientation and training for Board members, executive and staff.

The Museum provided value to citizens well beyond its doors, contributing to government's education curriculum, the provincial tourism strategy and other trade efforts, as well as implementing initiatives to address recommendations of the *Final Report of the Truth and Reconciliation Commission of Canada*.

The Royal BC Museum demonstrated respect for B.C. citizens by providing exceptional, cost-effective museum and archives services and helping to build a better, more knowledgeable, engaged and prosperous province.



Raymond Protti
Board Chair



Jack Lohman CBE
Chief Executive Officer

Purpose of the Annual Service Plan Report

The Annual Service Plan Report (ASPR) is designed to meet the requirements of the *Budget Transparency and Accountability Act* (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

The Royal BC 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. The Royal BC Museum communicates knowledge of human and natural history through exhibitions, research and programs; and holds 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 2018, the Royal BC Museum celebrated 132 years as preserver and interpreter of the history of British Columbia and its peoples. The Museum also has a role in generating tourism-related jobs and presenting B.C. culture and history abroad.

Strategic Direction

The strategic direction set by Government in 2017 and expanded upon in the Board Chair's [Mandate Letter](#) from the Minister Responsible in 2018 shaped the [2018/19 Service Plan](#) and the results reported in this ASPR.

The following table highlights the key goals, objectives or strategies that support the key priorities of Government identified in the 2018/19 Royal BC Museum Service Plan:

Government Priorities	The Royal BC Museum Aligns with These Priorities By:
Making life more affordable	<ul style="list-style-type: none"> • Continuing to offer access to low-income British Columbians through events such as Community Days and the Greater Victoria Public Library pass program. (Strategy within Objective 2.1)
Delivering the services people count on	<ul style="list-style-type: none"> • Creating dynamic and relevant visitor experiences. (Goal 2) • Making our Indigenous and totem collections available online, facilitating better access to the collections for Indigenous and non-Indigenous audiences anywhere in B.C. (Strategy within Objective 2.4) • Increasing the Royal BC Museum’s presence across the province with regional outreach, to make the museum and archives more available to all British Columbians. (Strategy of Objective 1.2)
A strong, sustainable economy	<ul style="list-style-type: none"> • Continuing to host feature exhibitions (developed in-house and loaned) that draw local and international audiences. (Strategy of Objective 1.1)

Operating Environment

Approximately 47 per cent of the Royal BC Museum’s operational budget is funded by admissions revenue, philanthropic contributions, rentals and other service revenue streams. Uncertainty about visitor numbers and their discretionary spending makes annual financial planning challenging. For this reason, the Museum continues to seek ways to diversify and increase revenue sources, including hosting exhibitions that appeal to a wide audience. Many exhibitions take several years to develop, making it challenging to plan for sudden changes in the global economy or tourism market.

Key financial and operational challenges include the costs of repairing aging infrastructure and the associated risks to collections, as well as the costs for digitization and storage. A stable annual grant of \$11.866 million dollars from the Province ensures that the Royal BC Museum is able to fulfill its legislated mandate, including assigning funds to maintenance expenditures of approximately \$2.969 million¹ per year, and other operational activities, including the preservation, care and acquisition of collections, portions of the development of new exhibitions and some educational programs.

In 2018/19, in addition to the provincial government grant, the Museum was able to generate additional revenue as a result of increased tourism, programming and services, including strong attendance at the feature exhibitions [Egypt: The Time of Pharaohs](#) and [Wildlife Photographer of the Year](#).

¹ This figure includes Buildings Expenditures of \$2.225M and Capital Spending (on building projects) of \$0.744M.

Report on Performance

Goals, Objectives, Measures and Targets

Goal 1: Increase our financial stability

We will secure our long-term financial viability and create a flexible, entrepreneurial and dynamic work culture. We will build our income and financial flexibility so that we can invest in our site development. We will continue to improve our financial performance, strengthening the museum’s programming and infrastructure.

Objective 1.1: Generate revenue from operations

The Royal BC Museum will work to increase operational funding by diversifying and increasing our streams of self-generated revenue.

Key Highlights:

The Royal BC Museum has continued to host feature exhibitions (developed in-house and loaned) that draw local and international audiences. We have also strengthened and diversified our funding base by:

- Developing and implementing business strategies for commercial opportunities, such as the generation of revenue through the [reproductions and licensing program](#);
- Continuing to enhance community spaces, generating revenue through [venue rentals](#) and special events like the Night Shift series and the [Food Truck Festival](#); and
- Pursuing new sources of research funding.

Performance Measure	2016/17 Actuals	2017/18 Actuals (Restated)	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
1.1a Revenue from operations, in millions (M)	\$10.0 M	\$8.9 M	\$10.5 M	\$12.3 M	\$9.6 M ¹	\$9.5 M ¹

Data Source: Royal BC Museum financial reporting systems. Projections allow for necessary additional revenues to cover inflation.

¹These figures, from the 2019/20 Service Plan, replace the original figures identified in the 2018/19 Service Plan of \$8.8 M (2019/20 Target) and \$9.0 M (2020/21 Target) respectively.

Discussion

- The Royal BC Museum surpassed its 2018/19 Target for revenue from operations because of the success of the 2018 feature exhibition [Egypt: The Time of Pharaohs](#). The Royal BC Museum also generated higher-than-expected revenues through venue rentals, café royalties and other areas, but ticket sales to the 2018 feature exhibition were the primary driver for this variance.

Objective 1.2: Leverage community support

Recognizing that admissions sales alone cannot guarantee long-term financial stability, the Royal BC Museum will also continue fostering strategic connections and support from other resources: voluntary human capital, mutually beneficial relationships, coverage earned from the news media, and donations and grants.

One major contributing factor to meeting this objective is our presence throughout the province. Activities such as travelling exhibitions, engagement with Indigenous communities, and fieldwork in remote locations amplifies our voice and relevance across B.C. and paves the way for media coverage, marketing partnerships, fundraising and future relationships.

Key Highlights:

The Royal BC Museum leveraged community support by:

- Facilitating the [granting of funds](#) to 21 Indigenous communities from across B.C. to support their work in repatriation;
- Co-developing and hosting initiatives that highlight Indigenous cultural traditions like the [on-site pole carving program](#);
- Enhancing the volunteer program and aggressively pursuing opportunities to generate earned and in-kind media coverage;
- Raising awareness of the cultural value of recent acquisitions that reflect the diversity of the province’s natural and human history; for example the [McAbee Site fossil collection](#) and a [painting by Grafton Tyler Brown](#); and
- Strengthening and growing relationships in communities throughout British Columbia; for example, through [travelling exhibitions](#) and by providing expertise to the BC Museums Association.

Performance Measures	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
1.2a Number of volunteer hours in thousands (K)	46.7	46.3	46.2	46.2	46.2	46.2
1.2b Value of media, both in-kind and earned, in millions (M)	in-kind: \$0.78	in-kind: \$0.84	in-kind: \$0.55	in-kind: \$0.70	in-kind: \$0.84 ¹	in-kind: \$0.84 ¹
	earned: \$0.85	earned: \$5.6	earned: \$2.0	earned: \$6.5	earned: \$6.1 ²	earned: \$6.2 ²
1.2c Donations (cash & in-kind) and grants, in millions (M)	\$0.88	\$1.2	\$0.90	\$0.41	\$0.90	\$0.95

Data Source: Royal BC Museum Volunteer, Marketing, Communications and Development records.

¹These figures, from the 2019/20 Service Plan, replace the original figures identified in the 2018/19 Service Plan of \$0.55 M for the 2019/20 target and \$0.60 M for the 2020/21 target.

²These figures, from the 2019/20 Service Plan, replace the original figures identified in the 2018/19 Service Plan of \$2.0 for both the 2019/20 target and the 2020/21 target.

Discussion

- The Royal BC Museum met its 2018/19 Target for the number of volunteer hours.
- The Royal BC Museum surpassed its 2018/19 Target for in-kind media value by leveraging strong support in and interest about the [Egypt: The Time of Pharaohs](#) exhibition within the marketing industry.
- Media value—which is both the result of media relations coverage and leveraging of paid-for advertising—reflects public engagement with Royal BC Museum’s initiatives. “Earned” media value is based on the amount it would cost to purchase the equivalent space/time for a published press article/broadcast (no multipliers included). “In-kind” media refers to the value of all additional advertisements or advertorials negotiated with media for no cost. The ad equivalency formula is the readership of the publication (based on unique monthly visitors) times the potential viewership (assuming that not everyone on the site reads the article) times the average ad cost (a proprietary and constant value).
- Since the 2017/18 - 2019/20 Service Plan the Royal BC Museum has employed a more accurate way to calculate earned media coverage, provided by a third party media monitoring company. The earned media actual results for 2017/18 onwards reflect this more accurate and comprehensive approach to calculation.
- The Royal BC Museum surpassed its 2018/19 Target for earned media value by generating strong media interest in such initiatives as the [Egypt: The Time of Pharaohs](#) exhibition (May-Dec 2018); the on-site pole carving program (summer 2018) and [Wildlife Photographer of the Year](#) (Feb-Mar 2019). 2019/20 and 2020/21 targets reflect a more accurate assessment of anticipated earned media results.
- Three factors contributed to the Royal BC Museum not meeting its 2018/19 Target for donations and grants: a shift in the department as the modernization project became a reality; a three-month-long vacancy in a strategic focus leadership position (a new framework for fundraising is currently in progress); and the adoption of a new focus on building for success in the future.

Goal 2: Create dynamic and relevant visitor experiences

Achieve exceptionally high levels of satisfaction from local, provincial and international visitors and users through temporary exhibitions, a new Learning Centre, programs and events, digital content and publications.

This Goal replaces the previous goals, “Create a unique Royal BC Museum and Archives”, “Strengthen our digital infrastructure and reputation” and “Develop our international relations and grow our reputation as a museum of substance”.

Objective 2.1: Maintain on-site visitor volume numbers

The annual number of paying visitors is a clear indication of the relevance of the Royal BC Museum, the strength of its brand and its attractiveness as a must-see travel destination, hub of immersive learning and originator of innovative special events.

As the provincial museum and archives of B.C., we are committed to creating experiences visitors would not find anywhere else in the world. This sets us apart, enabling us to attract and engage more visitors.

Key Highlights:

The Royal BC Museum maintained on-site visitor numbers by:

- Continuing to provide world-class visitor experiences, in collaboration with stakeholders, by promoting feature and travelling exhibitions and museum sector partnerships, including the 2018 feature exhibitions [Egypt: The Time of Pharaohs](#) and [Wildlife Photographer of the Year](#);
- Continuing to provide engaging on-site learning programs and special events for all ages; and
- Acting as a trusted and essential resource for research and the sharing of knowledge about British Columbia, offering popular on-site services like genealogical research in the BC Archives.

Performance Measure	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.1a Number of visitors to main site, in millions (M) ¹	0.77 M	0.71 M	0.73 M	0.86 M	0.76 M ¹	0.76 M ¹

Data Source: Royal BC Museum Finance & Procurement reporting systems.

¹These figures, from the 2019/20 Service Plan, replace the original figures identified in the 2018/19 Service Plan of \$0.70 M and \$0.71 M, respectively.

Discussion

- The Royal BC Museum surpassed its 2018/19 Target for the number of visitors to main site because of the success of the 2018 feature exhibition [Egypt: The Time of Pharaohs](#).
- Ticketed visitors to the Royal BC Museum and IMAX Victoria 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 about 8 per cent of the overall total in 2018/19.)

Objective 2.2: Maintain visitor satisfaction levels

Visitor volume is important to us, indicating that we are indeed creating dynamic, relevant experiences—but the real impact of the previous measurement is amplified when viewed in the context of outstanding levels of visitor satisfaction. Matching and exceeding the expectations of our diverse audiences is a challenge; to meet this objective we provide remarkable exhibitions, engaging learning experiences in our core galleries and thought-provoking programming centred on the histories of the peoples in B.C., from Indigenous peoples to modern immigrants.

Our ongoing commitment to work closely and collaboratively with Indigenous communities is a key contributor to this objective, as the perspective of Indigenous stakeholders is of paramount significance for us. The Royal BC Museum continues to work closely with communities to advance cultural repatriation, supporting Indigenous peoples seeking the return of ancestral remains and objects to their communities, sharing learnings from the March 2017 Symposium on Indigenous Peoples Cultural Reconciliation and establishing an Indigenous Advisory and Advocacy Committee.

Key Highlights:

The Royal BC Museum maintained visitor satisfaction levels by:

- Working closely, often in person and over years, with Indigenous communities to facilitate the [repatriation](#) of ancestral remains and objects of cultural significance from the Royal BC Museum and other museums around the world;
- Continuing to address the Truth and Reconciliation Commission recommendations related to museums and archives in future programming and planning;
- Reflecting diverse community perspectives through on-site programming and by refreshing [permanent gallery displays](#) in the First Peoples Gallery with new content;
- Developing and featuring temporary displays like [The Dominion Astrophysical Observatory: The First 100 Years](#) and [new Pocket Gallery displays](#) in freely-accessible public spaces; and
- Supporting initiatives such as Community Days and providing family memberships to the Greater Victoria Public Library make the museum more accessible to low-income British Columbians. In February 2019, the Province subsidized the cost of waiving admission fees for the public for Family Day, which lowered the financial barrier to access.

Performance Measure	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.2a Per cent of visitors surveyed satisfied with services ¹	95%	95%	93%	91%	93% ¹	95%

Data Source: Royal BC Museum Marketing & Business Development records. Data is gathered in comprehensive ICount surveys two times per year with a random sample of on-site visitors, and is reliable with 95% confidence, 19 times out of 20.

¹This figure, from the 2019/20 Service Plan, replaces the original figure identified in the 2018/19 Service Plan of 95%.

Discussion

- The 2018/19 Actual for the per cent of visitors surveyed satisfied with services was slightly lower than the 2018/19 Target; this can likely be attributed to disruptive but necessary infrastructure projects, like the replacement of aging escalators, that affected the experience of visitors.
- The target for 2019/20 (93%) has been lowered since the release of the 2018/19 – 2020/21 Service Plan. This reduction was made in consideration of significant renovation activities during the “modernization” project. We expect that visitor satisfaction figures will rise again to typical levels after renovations are complete; the targets in future Service Plans will reflect this recalibration.

Objective 2.3: Continue growing attendance numbers at learning programs and events

Royal BC Museum programming constantly evolves, reflecting contemporary tastes, learning expectations and the adoption of new technologies. The following performance measure considers the response we receive from learners of all ages in offering learning experiences that are inherently unique: as our programming is based on, and drawn from, the collections of the provincial museum and archives of B.C., no other institution can offer these types of programs.

Key Highlights:

The Royal BC Museum continued to grow attendance numbers at learning programs and events by:

- Offering programming that educates people about B.C.’s natural and human history (supporting the Museum’s legislated mandate and government’s direction to continue implementing the comprehensive learning strategy);
- Continuing to provide, content- and expert-driven ways to deepen the visitor experience in both feature exhibitions and permanent galleries; and
- Leveraging digital technology to connect with educators and learners across the province (and internationally), providing access to our galleries, collections and experts to areas far from Victoria.

Performance Measures	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.3a Numbers of people at our learning programs/events ¹	144,831	147,713	171,250	163,360	171,500	176,000
The figure above includes:						
2.3b Learning program and event participants on site	-	34,442	27,000	32,997	27,000	30,000
2.3c Outreach outside the Capital Region	-	9,936	5,250	5,092	5,500	7,000
2.3d Animation participants	-	103,335	139,000	125,271	139,000	139,000

Data Source: Data is compiled from head-count clickers operated by staff, photographs, third-party providers and the Human Resources Volunteer Impact database. Data Source for 2.3b: Visitor numbers are recorded by security guards at Helmcken House/St. Ann’s and by staff at programs and events, using head-count clickers, with some additional verification by photographs. Data source for 2.3c is supplied by third-party providers. Data source for 2.3d is compiled from the Human Resources Volunteer Impact database, which gives the number of people served by learning volunteers, or “animators,” as recorded in their reports and verified by a second volunteer. The data for all three sets is considered reliable.

¹Starting in 2017/18, the PM numbers have been broken out to increase transparency. The figure in row one (2.3a) represents the total of the three following measures.

Discussion

- The 2018/19 Actual number of people at learning programs/events was slightly lower than the 2018/19 Target; this can be attributed to low numbers at gallery “animation” (see PM 2.3d, which focusses on volunteer-led, non-ticketed activities), due in part to the temporary withdrawal of a number of core gallery animation stations to test for pesticide residue on the handling collections; this necessary action led to an unanticipated decrease in the number of visitor interactions
- On the other hand, on-site learning programs (PM 2.3b), featuring an increased number of offerings, drew greater school program ticketed attendance numbers than targeted.
- Outreach outside the Capital Region (PM 2.3c) was slightly lower than the 2018/19 Target; some of this can be attributed to decreasing class sizes and the difficulty of estimating a median class size, region-to-region across BC.
- It is anticipated that the temporary withdrawal of animation stations will continue to impact participation numbers into the next fiscal year. The Royal BC Museum will update the 2020/21 targets after it receives more clarity about the plans for the museum “modernization” and its impact on the museum’s work.

Objective 2.4: Increase visitor volume online

Our online presence is the digital face of the museum and archives, supporting our reputation and, by extension, that of British Columbia. Recognizing that not all British Columbians (or people around the world) are able to travel to Victoria to experience the Royal BC Museum in person, this objective reflects the view that digital visits are as valuable and important as in-person, on-site visits.

A key component of this objective is to continue the steady digitization of our collections, a process that helps to preserve fragile/at risk records and, provide users with a more durable medium online, to make the museum and archives more accessible to all British Columbians.

Key Highlights:

The Royal BC Museum increased visitor volume online by:

- Supporting preservation and access through the consistent digitization of collections and archives materials; expanding the [Research Portal](#) to share museum and archives research initiatives; and adding to the [BC Archives' collection search](#) (also known as Access to Memory, or AtoM) and [Integrated Museum Management](#) (IMM, the museum collection search); and
- Supporting Learning goals through digital initiatives like the [Learning Portal](#) and the [Digital Field Trips](#) school program for teachers and students across the province.

Performance Measures	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.4a Total visitors to website, in millions (M) (does not include Learning Portal)	7.3 M page views 1.6 M sessions	8.5 M page views 1.7 M sessions	5.4 M page views 1.7 M sessions	10.9 M page views 2.0 M sessions	5.5 M page views 1.7 M sessions	5.6 M page views 1.8 M sessions
2.4b Total visitors to Learning Portal, in thousands (K)	78.5 K page views 16.0 K sessions	86.5 K page views 20 K sessions	122.3 K page views 17.2 K sessions	88.17 K page views 27.7 K sessions	122.3 K page views 17.2 K sessions	124 K page views 17.3 K sessions

Data Source: The Royal BC Museum collects web statistics through Google Analytics, which allows for detailed tracking of user behaviour and traffic volume across all web assets. Data is tightly controlled and reliable.

Discussion

- The 2018/19 Actual for the number of visitors to the website (excluding the [Learning Portal](#)) outstripped the 2018/19 Target by a noticeable margin. This was due to a greater than expected interest in our collections management systems, which are constantly expanding as new data are added. Since last year both the Archives Search (AtoM) and the Collections Search (IMM) grew significantly, with growth in page views increasing by 62.51 per cent and 12.68 per cent respectively.
- Although the 2018/19 Actual for page views to the Learning Portal were lower than targeted, the number of sessions, a better indication of user uptake and value, were up by 18 per cent. As staff members add significant programming to the Learning Portal, visitors are subsequently having longer sessions and greater interaction with content, rather than broad exposure. Page view Targets have not yet been re-evaluated but will be adjusted accordingly in future Service Plans.

Objective 2.5: Develop new international relationships to support the goals of the Royal BC Museum

The Royal BC Museum has a unique role in building mutually beneficial relationships with British Columbia’s Indigenous peoples, with diverse cultural communities and with institutions worldwide, including museums, archives and academia. These relationships support government’s goals to work with First Nations to establish a clear, cross-government vision of reconciliation, develop B.C.’s international trade relations, expand tourism-marketing efforts internationally, help to showcase B.C.’s rich diversity and position the province as a source of innovation and global networking.

One key to long-term success is our ability to establish relationships with other cultural institutions and private collectors for general programming and to support Indigenous communities in B.C. in their repatriation efforts.

Key Highlights:

The Royal BC Museum developed new international relationships to support its goals by:

- Working closely with MuseumsPartner, the international exhibition company, to co-develop feature exhibitions and museum exhibitry components that will travel abroad;
- Developing international relationships as part of the efforts to support Indigenous peoples seeking the return of ancestral remains and objects of cultural significance;
- Exchanging professional staff with other institutions in Canada and worldwide, to learn best practices and to share our world-leading knowledge with others;
- Continuing to establish and maintain relations with our international counterparts; and
- Partnering with the University of Victoria and others in delivering the [Landscapes of Injustice](#) project, a seven-year research project examining the dispossession of Japanese-Canadians during WWII.

Performance Measure	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
2.5a Number of people viewing RBCM travelling exhibitions and loaned artifacts/objects abroad, in millions (M) ¹	0.16 M	0.089 M	0.45 M	.055 M	0.10 M ¹	0.10 M ¹

Data Source: Royal BC Museum Registrar records.

¹These figures, from the 2019/20 Service Plan, replace the original figure identified in the 2018/19 Service Plan of 0.45 M.

Discussion

- The 2018/19 Actual for the number of people viewing Royal BC Museum travelling exhibitions and loaned artifacts/objects abroad comprises figures from exhibitions at the Musée de l’Homme, Paris, France, and Gallery Oldham, Manchester, UK.

- The 2018/19 Target may have been overly ambitious, but Targets moving forward reflect current best intelligence about Royal British Museum display elements, exhibitions and individual artifacts, specimens and archival materials heading abroad as loans and purchased feature exhibitions.
- The 2018/19 Target (0.45 M) was based on the 2015/16 baseline and has since been recognized as reflecting a historically anomalous number of viewers (extremely high viewership numbers were the result of two separate exhibitions in China, an opportunity not since replicated or scheduled in the near future). Since this figure was first proposed, Royal BC Museum staff have concluded that a more reasonable and attainable figure is 0.10 M per annum, a figure reflected in targets moving forward.

Goal 3: Effectively steward our collection

We will continue to develop and care for our museum and archives collections, ensuring our collections and knowledge remain relevant and accessible for audiences now and for generations to come.

Objective 3.1: Protect the Royal BC Museum and Archives' collections

Our mandate is to fulfil government's fiduciary role as a public trustee of specimens, artifacts, archival records (government and private) and other materials that illustrate B.C.'s natural and human history, and to hold and make accessible these collections for current and future generations. To do this, we provide the necessary conservation, research, management, financial and environmental supports.

Digitization is a key aspect of preservation and access – capturing old and fragile archives materials like textual records, maps, paintings, photographs and audio and visual materials, and making them accessible to the public through AtoM (Access to Memory, the [BC Archives collection search website](#)). Growing access to digitized materials from our natural and human history collections is provided by online exhibits, by the [Learning Portal](#), [Digital Field Trips](#) for schools and through the planned development of a new Research Portal.

Enabling access involves increasing regional outreach, providing access to experts on site, off-site and online, and connecting meaningfully with diverse cultural and demographic groups.

Key Highlights:

The Royal BC Museum protected its collections by:

- Increasing the museum and archives' presence across the province with regional outreach, to make its collections more accessible to all British Columbians;
- Continuing to increase the number and range of [online exhibitions](#);
- Continuing to enlarge the [BC Archives' collection search](#) and IMM databases to provide resources for research and the sharing of knowledge about British Columbia, as well as provide a preservation method related to digitization of records;

- Continuing to process and make publicly accessible government records transferred to the Royal BC Museum; and
- Continuing to introduce incremental preservation and conservation steps as budgets allow.

Performance Measures	2016/17 Actuals	2017/18 Actuals	2018/19 Target	2018/19 Actuals	2019/20 Target	2020/21 Target
3.1a Collection Risk Management Index (CRMI) score	80%	80%	80%	80%	80%	80%
3.1b Number of objects attached to AtoM, in thousands (K)	6K	22K	35K	29K	40K	42K
3.1c Number of boxes of government records processed, in thousands (K)	3K	3K	3K	1.9K	3K	3K
3.1d Number of records added to IMM, in thousands (K)	374K	386K	20K	26K	25K	25K

Data Source: Royal BC Museum records.

Discussion

- The CRMI score refers to the number of outstanding risks as a percentage of those originally identified in the Royal BC Museum’s comprehensive collections risk assessment. All of the outstanding risks pertain to the fabric, structure and environment of the collections building. To improve the CRMI score (and increase the figure above 80%), major earthquake and flooding risks and environmental conditions that meet international standards need to be addressed. All other incremental improvements previously identified within the Collection Risk Management Plan have been completed.
- In PM 3.1b, “objects” are photographs, digital files and PDFs of textual records, and “AtoM” refers to Access to Memory, the [BC Archives collection search website](#). The 2018/19 Actual for the number of objects attached to AtoM were lower than targeted, primarily because the scanner used for digitization required repairs and was unusable for four months of the fiscal year.
- In PM 3.1c, “processing” entails reviewing and describing the boxes, carrying out preservation assessments, carrying out basic preservation treatment and rehousing the records (as required), reviewing the records for access/FOI issues, making the descriptions available online for researchers, providing reference services and managing access to the records. The Royal BC Museum did not meet its 2018/19 Target for PM 3.1c due to staffing issues.
- In PM 3.1d, “IMM” refers to the Royal BC Museum [collections database](#) that provides resources for research and the sharing of knowledge about its natural history and human history collections. The Royal BC Museum surpassed its 2018/19 Target for the number of records added to IMM by importing a data set (mammals) that was larger than most.

Financial Report

Discussion of Results

Highlights

The Financial Resource Summary table below provides a summary of the actual financial results for 2018/19 fiscal year. This table also compares the 2018/19 actual results to the 2018/19 budget and 2017/18 actual results.

The Royal BC Museum had a successful fiscal year. Museum admission fees were stronger than budgeted due to popularity of the *Egypt: The Time of Pharaohs* exhibition.

Net income for 2018/19 was \$2.3 million compared with \$0.298 million in 2017/18 and a budget of \$0.025 million.

Royal BC Museum Corporation Financial Resource Summary

\$000s	2017/18 Actual*	2018/19 Budget	2018/19 Actual	2018/19 Variance	2017/18* - 2018/19 Variance
				More (less) than budget	More (less) than prior year
Operating Revenue					
Province of BC operating contributions	11,866	11,866	11,866	-	-
Museum admission fees	4,836	6,031	7,601	1,570	2,765
Other income	4,085	4,428	4,734	306	649
Total Revenue	\$ 20,787	\$ 22,325	\$ 24,201	\$ 1,876	\$ 3,414
Operating Expenses					
Salaries and benefits	9,816	10,608	10,604	(4)	788
Building costs	2,555	2,267	2,225	(42)	(330)
Amortization	895	1,051	929	(122)	34
Security	871	921	915	(6)	44
Grant - in lieu of property taxes	708	697	640	(57)	(68)
Special exhibitions	927	1,621	1,507	(114)	580
Other operating costs	4,717	5,135	5,033	(102)	316
Total Expenses	\$ 20,489	\$ 22,300	\$ 21,853	\$ (447)	\$ 1,364
Net Income from Operations	\$ 298	\$ 25	\$ 2,348	\$ 2,324	\$ 2,050
Capital Expenditures	\$ 1,096	\$ 1,105	\$ 1,343	\$ 238	\$ 247
Total Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Total Accumulated Surplus	\$ 14,305	\$ 14,330	\$ 16,653	\$ 2,323	\$ 2,348
Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.					
*Note 2: The financial statements have been restated for 2017/18					

Variance and Trend Analysis

Revenues

Total revenues for the year were \$24.2 million, an increase of \$3.4 million from 2017/18 primarily due to increased admission fees as well as increased other income. Total revenues were ahead of budget by \$1.9 million.

Provincial Contributions

Provincial operating contributions remained constant at \$11.9 million. Additional contributions for projects are included in Other Income.

Museum Admission Fees

Museum admission fees fluctuate year to year depending on visitor interest in the special exhibitions, the economic climate and the weather. Admission fees increased by \$2.8 million from 2017/18 due to the tremendous success of the *Egypt: The Time of Pharaohs* exhibition.

Other Income

Other income includes provincial and other grants and sponsorships, property leases, programs, services and miscellaneous income, amortization of deferred capital contributions as well as donated collections and artifacts. Other income increased by \$0.649 million from 2017/18 and was \$0.306 million higher than budget. Grant revenue was higher than 2017/18 due to a larger grant from the province for repatriation work, increased income from learning programs and workshops, as well as increases in venue rental income and reproduction and licensing revenues.

Expenses

Total operating expenses for the year were \$21.9 million, an increase of \$1.4 million from 2017/18 primarily due to higher staffing costs and costs associated with the *Egypt: The Time of Pharaohs* exhibitions as well as increased other operating costs. Total expenses were \$0.447 million under budget.

Salaries and Benefits

Salaries and benefits increased by \$0.788 million from 2017/18 but were primarily on budget. Salaries and benefits increased over the prior year due to additional staffing hired for the First Nations Repatriation Program as well as salary increases.

Building Costs

Building costs decreased by \$0.330 million from 2017/18 and were \$0.042 million under budget due to reduced repair and maintenance spending.

Special Exhibitions

Special exhibitions' expenses vary each year depending on the number of exhibitions hosted, the size of the exhibition and whether the exhibition was rented or developed and built in house. These expenses increased by \$0.580 million from 2017/18 due to expenses incurred for the rental of *Egypt: The Time of Pharaohs* and for expenses incurred relating to the development of the *Orcas* feature exhibition for summer 2020.

Other Operating Costs

The remaining 34% of total expenses relate to other operating costs such as amortization, security, the Grant in lieu of property taxes and miscellaneous others costs.

- Amortization expense was similar to prior years at \$0.929 million (\$0.895 million in 2017/18);
- Security expenses were 5% higher at \$0.915 million (\$0.871 million in 2017/18) due to additional costs for minimum wage increases;
- Grant in lieu of property taxes decreased to \$0.640 million (\$0.708 million in 2017/18) due to a successful appeal and reduced value applied to buildings; and
- Other operating costs were \$5.033 million (\$4.717 million in 2017/18). These operating costs include 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 market value of items donated to the collections. These costs increased by \$0.316 million from the prior year primarily due to general economic cost increases as well as repatriation work and grants awarded.

Capital Expenditures

A total investment of \$1.3 million was made in 2018/19 for capital asset additions, an increase of \$0.247 million from 2017/18 and \$0.238 million over budget. The difference is primarily due to escalator replacements in 2018/19, which incurred costs higher than anticipated.

Risks and Uncertainties

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, both 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. The Royal BC Museum expenses are essentially fixed apart from special exhibitions or special funded programs. We continue to develop strategies to manage expenditures while maximizing programs in order to meet our mandate in the most cost-effective manner.

Auditor's Report

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 2019

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

CONTENTS

	PAGE
Management's Report	3
Independent Auditors' Report	4-7
<u>Financial Statements</u>	
Statement of Financial Position	8
Statement of Operations and Accumulated Surplus	9
Statement of Change in Net Debt	10
Statement of Cash Flows	11
Notes to Financial Statements	12-27

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

MANAGEMENT'S REPORT

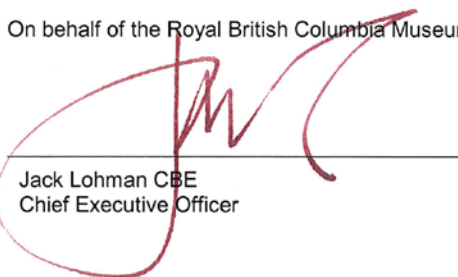
The financial statements of the Royal British Columbia Museum Corporation have been prepared by management in accordance with the financial reporting framework disclosed in Note 2, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the corporation's financial statements.

The Royal British Columbia Museum Corporation's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. The Board reviews internal financial statements at each meeting and external audited financial statements yearly. The Board and its Audit and Finance Committee also discuss any significant financial reporting or internal control matters prior to their approval of the corporation's financial statements.

The external auditors, the Office of the Auditor General of British Columbia, conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the Royal British Columbia Museum Corporation's financial statements. The auditors have full and free access to financial management of the Royal British Columbia Museum Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements of the Royal British Columbia Museum Corporation.

On behalf of the Royal British Columbia Museum Corporation:



Jack Lohman CBE
Chief Executive Officer

Victoria, British Columbia
August 28, 2019



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of the Royal British Columbia Museum Corporation, and
To the Minister of Tourism, Arts and Culture, Province of British Columbia*

Qualified Opinion

I have audited the accompanying financial statements of the Royal British Columbia Museum Corporation ("the entity" or "the Museum"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2019, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Qualified Opinion

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the entity's financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Deferral of revenues

As described in Note 2(d) to the financial statements, the entity's accounting treatment for contributions received from governments and for externally restricted contributions received from non-government sources is to initially record them as deferred revenue (a liability) and then recognize revenue in the statement of operations either on the same basis as the related expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized. The entity was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

Under Canadian Public Sector Accounting Standards, the entity's method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In my opinion, certain contributions of the entity do not meet the definition of a liability, and as such, the entity's method of accounting for those contributions represents a departure from Canadian Public Sector Accounting Standards.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
Independent Auditor's Report

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. When the cumulative effects of this departure to date are adjusted through opening accumulated surplus, the entity's records indicate that the effects of this departure on the current year financial statements is an overstatement of the liability for deferred revenue/capital contributions of \$9.2 million, an understatement of accumulated surplus of \$9.8 million, and a current year overstatement of revenue of \$0.6 million. Accordingly, the current year surplus is overstated by \$0.6 million and net debt is overstated by \$9.2 million.

Control of the Royal British Columbia Museum Foundation

As described in Note 13 to the financial statements, the Royal British Columbia Museum Foundation ("the Foundation") is a registered charity whose sole purpose is to serve the interests of the Museum. In my opinion, the Foundation is controlled by the Museum, and as such the Foundation should be consolidated on a line-by-line basis and any inter-organizational balances and transactions should be eliminated in the entity's financial statements. The entity does not consolidate the net assets of the Foundation and the results of its operations and cash flows in the entity's financial statements. This represents a departure from Canadian Public Sector Accounting Standards.

The entity's records, along with the unaudited records of the Foundation indicate that the effects of this departure on the financial statements are as follows:

	Increase/(decrease)	
	2019	2018
<i>Consolidated statement of financial position</i>		
Financial assets	13,628,068	12,490,684
Liabilities	67,208	66,248
Net financial assets (debt)	13,560,860	12,424,436
Non-financial assets	47,358	36,862
Accumulated surplus	<u>13,608,218</u>	<u>12,461,298</u>
<i>Consolidated statement of operations</i>		
Revenue	2,973,635	2,574,100
Expenses	1,826,715	1,217,640
Annual operating surplus	<u>1,146,920</u>	<u>1,356,460</u>

Donations to the Royal British Columbia Museum Foundation

As described in Note 21 to the financial statements, the Royal British Columbia Museum reclassified payments previously recorded as donations, in the amount of \$1.2 million, as Other Assets. In my opinion, these payments do not meet the definition of an asset, and as such the entity's method of accounting for those payments represents a departure from Canadian Public Sector Accounting Standards.

The entity's records indicate that the effects of this departure on the financial statements are an overstatement of other assets of \$1.2 million (March 31, 2018: \$1.2 million) and an overstatement of accumulated surplus of \$1.2 million (March 31, 2018: \$1.2 million).



ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
Independent Auditor's Report

Other Accompanying Information

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the annual service plan report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report, I obtained the draft 2018/19 annual service plan report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report.

As described in the Basis for Qualified Opinion section above, the entity has inappropriately deferred certain of its revenues from government transfers, has not consolidated the results of the Foundation and has inappropriately reclassified payments previously recorded as donations as Other Assets. I have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the annual report affected by this departure from PSAS.

Other Matters

Without modifying my opinion, I advise the reader that I was not engaged to audit the comparative financial statements of the Royal British Columbia Museum Corporation as at March 31, 2018, for their fair presentation in accordance with Canadian Public Sector Accounting Standards. The financial statements of the Royal British Columbia Museum Corporation as at March 31, 2018 were audited by a professional accounting firm who previously reported on their compliance with Section 23.1 of the *Budget Transparency and Accountability Act* including Treasury Board Regulation 198/2011 prescribing the accounting policy for contributions. However, because that audit reported against a different framework than that of the current year, I must advise you that the comparative information in the financial statements and related disclosures were not audited in accordance with the Canadian Public Sector Accounting Standards framework adopted in the current year, but rather in compliance with Section 23.1 of the *Budget Transparency and Accountability Act*.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the entity will continue its operations for the foreseeable future.



ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
Independent Auditor's Report

Auditor's Responsibilities for the Audit of Financial Statements


My objectives are to obtain reasonable assurance about whether the entity's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Stuart Newton, CPA, CA
Deputy Auditor General

Victoria, British Columbia, Canada
August 28, 2019



Audited Financial Statements

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

	Notes	2019	2018
			(Restated - See Note 21)
Financial Assets			
Cash and cash equivalents	3	\$ 3,822,692	\$ 3,628,456
Accounts receivable	5	2,070,277	1,250,046
		5,892,969	4,878,502
Financial Liabilities			
Accounts payable and accrued liabilities	6	3,385,722	4,026,030
Leave liability		382,267	386,209
Deferred revenue	7	1,422,403	2,300,623
Deferred capital contributions	8	9,129,847	8,518,278
		14,320,239	15,231,140
Net Debt		(8,427,270)	(10,352,638)
Non-Financial Assets			
Tangible capital assets	10	23,456,262	23,042,003
Prepaid expenses		423,848	415,903
Other Assets	21	1,200,000	1,200,000
		25,080,110	24,657,906
Accumulated Surplus	12	16,652,840	14,305,268

Contractual Obligations (Note 14)

Contractual Rights (Note 15)

Approved on behalf of the Board:



Raymond Protti
Chair - Board of Directors



Wendy King
Chair - Finance and Audit Committee

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

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

	Notes	2019 Budget	2019	2018
				(Restated - see Note 21)
				(Note 20)
Revenues				
Provincial operating contributions		\$ 11,866,000	\$ 11,866,000	\$ 11,866,000
Museum admission fees and memberships		6,030,659	7,600,666	4,836,042
Grants and sponsorships		2,255,511	2,112,329	1,625,662
Property leases		905,000	982,735	832,657
Programs, services and miscellaneous		611,131	902,407	679,215
Amortization of deferred capital contributions	8	656,206	584,045	597,284
Donated collections and artifacts		-	152,706	350,113
		22,324,507	24,200,888	20,786,973
Expenses				
Salaries and benefits		10,607,562	10,603,951	9,816,244
Building costs		2,267,073	2,224,647	2,555,426
Amortization		1,050,796	928,594	894,722
Security		921,270	915,244	870,980
Grant in lieu of property taxes		697,000	640,189	707,710
Special exhibitions	9	1,620,834	1,507,441	926,951
Systems and telecommunications		905,055	849,995	931,342
Professional services		950,373	663,534	572,658
Materials and supplies		510,485	580,954	484,379
Offsite Storage		725,000	704,948	697,541
Marketing and communications		410,786	298,610	392,956
Office and business		614,733	1,049,391	669,303
Insurance		220,000	198,498	200,806
Travel		392,851	285,645	269,342
Bank charges		100,000	158,488	101,830
Collections and artifacts		-	152,706	350,113
Other		305,761	90,481	46,493
		22,299,579	21,853,316	20,488,796
Annual Operating Surplus		24,928	2,347,572	298,177
Accumulated Surplus, beginning of year			14,305,268	14,007,091
Accumulated Surplus, end of year	12		\$ 16,652,840	\$ 14,305,268

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31

	2019 Budget	2019	2018
			(Restated - see Note 21)
Annual Operating Surplus	\$ 24,928	\$ 2,347,572	\$ 298,177
Acquisition of tangible capital assets	(1,105,000)	(1,342,852)	(1,096,079)
Amortization of tangible capital asset	1,050,796	928,594	894,722
	(29,276)	1,933,314	96,820
Acquisition of prepaid expense	-	(1,129,084)	(971,415)
Use of prepaid expense	-	1,121,138	676,725
Acquisition of other assets	-	-	(200,000)
	-	(7,946)	(494,690)
(Increase) decrease in net debt	(29,276)	1,925,368	(397,870)
Net debt, beginning of year	(10,352,638)	(10,352,638)	(9,954,768)
Net debt, end of year	\$ (10,381,914)	\$ (8,427,270)	\$ (10,352,638)

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

	2019	2018
	(Restated - see Note 21)	
OPERATING ACTIVITIES		
Annual Operating Surplus	\$ 2,347,572	\$ 298,177
Items not affecting cash:		
Amortization	928,594	894,722
Amortization of deferred capital contributions	(584,045)	(597,284)
Changes in operating working capital:		
Accounts receivable	(820,232)	(663,515)
Prepaid expenses	(7,946)	(294,690)
Accounts payable and accrued liabilities	(640,308)	(59,033)
Leave liability	(3,942)	(2,380)
Deferred revenue	(878,221)	938,879
Cash provided by or (used in) operating activities	341,472	514,876
CAPITAL ACTIVITIES		
Cash used to purchase tangible capital assets	(1,342,852)	(1,096,079)
Cash used for the acquisition of other assets		(200,000)
Cash received for the acquisition of tangible capital assets	1,195,616	-
Cash provided by or (used in) capital activities	(147,236)	(1,296,079)
Increase (decrease) in cash and cash equivalents	194,237	(781,203)
Cash and cash equivalents, beginning of year	3,628,456	4,409,659
Cash and cash equivalents, end of year	\$ 3,822,693	\$ 3,628,456

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, 2019

1. Nature of Operations

The Royal British Columbia Museum Corporation (the "Corporation") was formed on April 1, 2003 under the *Museum Act*. The Corporation is wholly owned by the Province of British Columbia, and reports to the Legislative Assembly through the Minister of Tourism, Arts and Culture. As a provincial crown agency, the Corporation is subject to legislative regulations in government reporting Acts which include the *Budget Transparency and Accountability Act* and the *Financial Administration Act*.

The Corporation's mandate 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.

The Corporation is exempt from taxes under the *Income Tax Act*.

2. Summary of Significant Accounting Policies

Significant accounting policies used in the preparation of these financial statements are:

(a) Basis of accounting

These 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 which requires that financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as set out in Note 2(d).

(b) 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. 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) Deferred revenue

Deferred revenue includes restricted funds related to grants for operating projects, future gallery rental deposits, advance admission sales, memberships and unredeemed gift cards. Amounts received in advance of rental event are recorded as deferred until event completion. Amounts received in advance for admission and gift cards are recorded when admission occurs. Amounts received in advance for memberships are recorded on a straight line basis over the membership term.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

2. Summary of Significant Accounting Policies (continued)

(d) Deferred capital contributions

Funding received for the acquisition of depreciable tangible capital assets is recorded as a deferred capital contribution and is recognized as revenue in the Statement of Operations and Accumulated Surplus 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 4.

(e) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Asset costs are amortized on a straight-line basis over their estimated useful lives 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 ready for use, are not amortized until they are ready for use.

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.

(f) Prepaid expenses

Prepaid expenses include exhibition rental fees and insurance and are charged to expense over the periods expected to benefit from it.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

2. Summary of Significant Accounting Policies (continued)

(g) Funds and Reserves

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved as described in Note 12.

(h) 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(d).

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

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, either in accordance with the terms of the funding agreement, or in accordance with Note 2(d).

(i) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the fiscal year is expensed.

(j) Employee future benefits

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act.

i. Pension benefits

All eligible employees participate in a multi-employer, defined benefit pension plan. Defined contribution plan accounting has been applied to this plan as the Corporation has insufficient information to apply defined benefit plan accounting. Accordingly, the Corporation's contributions are expensed in the year in which the services are rendered, and represent its total pension obligation (see note 16).

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

2. Summary of Significant Accounting Policies (continued)

ii. Other future benefits

Eligible employees are entitled to post-employment health care and other benefits as provided under the terms of employment or collective agreements. The cost of these benefits is accrued as employees render the services necessary to earn them.

iii. Leave Liability

Eligible employees are entitled to accumulated earned, unused vacation and other eligible leave entitlements as provided under terms of employment or collective agreements.

(k) Volunteers

During the year, volunteers contributed approximately 46,000 hours (2018: 46,000) 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.

(l) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Estimates included in these financial statements are accrued assets and liabilities, collectability of accounts receivable, leave liability, and estimated useful life of tangible capital assets

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Cash and Cash Equivalents

The cash and cash equivalents, reported on the Statement of Financial Position, are made up of the following:

	2019	2018
Cash	\$ 2,797,919	\$ 2,581,918
Cash Equivalents	1,024,773	1,046,538
Total Cash and Cash Equivalents	\$ 3,822,692	\$ 3,628,456

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

4. **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:

	2019 Increase/ (Decrease)	2018 Increase/ (Decrease)
Statement of Financial Position		
Deferred capital contributions	\$ (9,129,847)	\$ (8,518,278)
Deferred revenue	\$ (97,825)	\$ (66,376)
Accumulated surplus	\$ (9,227,672)	\$ (8,584,654)
Statement of Operations and Accumulated Surplus		
Amortization of deferred capital contributions	\$ (584,045)	\$ (597,284)
Annual operating (surplus) deficit	\$ (584,045)	\$ (597,284)

5. **Accounts Receivable**

	2019	2018
Ministry of Tourism, Arts and Culture	\$ 1,340,160	\$ 750,000
Ministry of Citizen Services	109,061	104,401
Federal Government	182,670	28,906
Canada Revenue Agency	95,767	127,092
Destination Cinema Canada Inc.	49,500	15,651
Royal British Columbia Museum Foundation	99,492	-
Other	193,627	223,996
Total	\$ 2,070,277	\$ 1,250,046

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

6. Accounts Payable and Accrued Liabilities

	2019	2018
Ministry of Finance	\$ 2,238,840	\$ 2,019,681
Royal British Columbia Museum Foundation	799	201,138
City of Victoria	181,250	183,178
Paladin Security	82,768	82,707
Longview	32,017	-
Destination Cinema Canada Inc.	25,000	101,899
CIBC Visa	63,405	-
Leisch Interiors	61,021	-
Summit Mechanical	97,893	82,462
Kone	-	91,943
Matthews	-	69,859
Pacific Audio Works	-	63,496
BC Hydro	-	58,947
Matthews Store Fixtures & Shelving	-	59,913
Pacific Audio Works	-	59,172
Other	602,729	951,635
Total	\$ 3,385,722	\$ 4,026,030

7. Deferred revenue

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

	2019	2018
	(Restated - see Note 21)	
Operating projects (restricted)	\$ 712,239	\$ 1,676,024
Other	710,164	624,599
Total	\$ 1,422,403	\$ 2,300,623

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.

	Balance at March 31, 2018	Additions/ transfers	Amortized to revenue	Balance at March 31, 2019
Provincial government	\$ 4,918,893	\$ 1,195,614	350,125	\$ 5,764,382
Federal government	2,694,026	-	158,811	2,535,215
Other	905,359	-	75,109	830,250
Total	\$ 8,518,278	\$ 1,195,614	\$ 584,045	\$ 9,129,846

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

9. Special exhibitions

The Corporation hosts temporary exhibitions to provide a window on the world and to encourage repeat visitation. 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. In fiscal year 2019, exhibition costs were incurred for: *Family: Bonds and Belongings*; *Wildlife Photographer of the Year*; and *Egypt: The Time of Pharaohs*.

	2019	2018
Salaries and benefits	\$ -	\$ 124,031
Professional Services contracts	99,904	52,592
Marketing and communications	399,793	321,288
Materials and supplies	848,634	254,541
Other	159,110	174,499
Total	\$ 1,507,441	\$ 926,951

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

10. Tangible capital assets

Cost	Balance at March 31, 2018	Additions	Disposals	Balance at March 31, 2019
Land	\$ 12,510,140	\$ -	\$ -	\$ 12,510,140
Permanent exhibitions	1,879,191	82,222	-	1,961,413
Operating equipment	708,911	36,614	-	745,525
Hardware and software	3,024,862	221,546	-	3,246,408
Furniture	31,340	-	-	31,340
Buildings and improvements	13,419,141	\$1,002,470	-	14,421,611
Total	\$ 31,573,585	\$ 1,342,852	\$ -	\$ 32,916,437

Accumulated Amortization	Balance at March 31, 2018	Amortization	Accumulated Amortization on Disposals	Balance at March 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Permanent exhibitions	1,349,048	68,183	-	1,417,231
Operating equipment	575,397	48,844	-	624,241
Hardware and software	2,247,672	247,509	-	2,495,181
Furniture	31,339	-	-	31,339
Buildings and improvements	4,328,126	564,058	-	4,892,184
Total	\$ 8,531,582	\$ 928,594	\$ -	\$ 9,460,176

Net Book Value	Balance at March 31, 2018	Balance at March 31, 2019
Land	\$ 12,510,140	\$ 12,510,140
Permanent exhibitions	530,143	544,182
Operating equipment	133,514	121,284
Hardware and software	777,190	751,227
Furniture	1	1
Buildings and improvements	9,091,015	9,529,427
Total	\$ 23,042,003	\$ 23,456,262

At March 31, 2019 the value of capital assets not placed into use was:

• Buildings and improvements	\$760,036
• Permanent exhibitions	169,135
• Computer hardware and software	<u>4,220</u>
Total capital assets not placed into use	<u>\$933,391</u>

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ 12,510,140	\$ -	\$ -	\$ 12,510,140
Permanent exhibitions	2,671,025	86,959	(878,793)	1,879,191
Operating equipment	593,240	115,671	-	708,911
Hardware and software	2,787,890	236,972	-	3,024,862
Furniture	31,340	-	-	31,340
Buildings and improvements	12,762,664	\$656,477	-	13,419,141
Total	\$ 31,356,299	\$ 1,096,079	\$ (878,793)	\$ 31,573,585

Accumulated Amortization	Balance at March 31, 2017	Amortization	Accumulated Amortization on Disposals	Balance at March 31, 2018
Land	\$ -	\$ -	\$ -	\$ -
Permanent exhibitions	2,159,659	68,182	(878,793)	1,349,048
Operating equipment	520,858	54,539	-	575,397
Hardware and software	2,039,818	207,854	-	2,247,672
Furniture	29,683	1,656	-	31,339
Buildings and improvements	3,765,635	562,491	-	4,328,126
Total	\$ 8,515,653	\$ 894,722	\$ (878,793)	8,531,582

Net Book Value	Balance at March 31, 2017	Balance at March 31, 2018
Land	\$ 12,510,140	\$ 12,510,140
Permanent exhibitions	511,366	530,143
Operating equipment	72,382	133,514
Hardware and software	748,072	777,190
Furniture	1,657	1
Buildings and improvements	8,997,029	9,091,015
Total	\$ 22,840,646	\$ 23,042,003

11. Collections and artifacts

The Corporation conducts a Collections Risk Assessment every five years to assess the overall risk of deterioration, loss and to best plan for long-term conservation of artifacts and records. The last assessment was done in fiscal 2016. The Corporation determined as at March 31, 2016, the collections consisted of approximately 7.7 million artifacts, specimens and archival records. During the 2019 fiscal year, the Corporation de-accessioned 2 batches (2018: 2) and accessioned 198 batches (2018: 159) to its collections through the acquisition, purchase and accessioning process. The collections are valued at \$150 million for insurance purposes.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

12. Accumulated operating surplus

Accumulated operating surplus consists of individual fund surplus and reserves as follows:

	Balance at March 31, 2018	Additions	Uses	Balance at March 31, 2019
	(Restated - see Note 21)			
Unappropriated operating surplus	\$ 14,305,268	\$ -	\$ -	\$ 14,305,268
Amounts reserved for future use on:				
Capital expenditures	-	1,173,786	-	1,173,786
Operating	-	1,173,786	-	1,173,786
Total reserves	-	2,347,572	-	2,347,572
Total accumulated operating surplus	\$ 14,305,268	\$ 2,347,572	\$ -	\$ 16,652,840

Certain amounts are set aside in accumulated operating surplus for future financial obligations and the purchase of capital assets. The operating surplus of \$2,347,572 in fiscal 2019 has been applied fifty percent towards the capital reserve and fifty percent towards the operating reserve in accordance with Board of Director's direction.

Capital reserve: the purpose of this reserve is to help stabilize large fluctuations in capital spending from one year to the next. This reserve assists in the financing of these expenditures to limit the impact to revenue requirements in those years.

Operating reserve: the purpose of this reserve is to finance an unintended deficit. Unintended deficits would be caused largely by unexpected costs for items that are outside management's control or by admission revenues lower than anticipated.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

13. The Royal British Columbia Museum 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 purposes of the Foundation are to undertake charitable activities that promote and support the aims, interests and activities of the Royal British Columbia Museum Corporation.

The Foundation has internally restricted funds of approximately \$6,038,854 (2018 - \$5,426,000), 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:

	2019	2018
Funding for non-capital projects	\$ 64,000	\$ 134,991
Funding for capital projects	-	250,000
Purchases of goods and services	44,876	56,358
Total	\$ 108,876	\$ 441,349

As at March 31, 2019, \$99,492 is due from the Foundation to the Corporation and is included in the accounts receivable (2018: \$0).

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

	2019	2018
Purchases of goods and services	5,681	3,600
Total	\$ 5,681	\$ 3,600

As at March 31, 2019, \$799 is due from the Corporation to the Foundation and is included in the accounts payable (2018: \$0).

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

14. Contractual Obligations

Property Management Contract

The Corporation 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 (2020 budget: \$335,000). 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:

2020	\$ 46,900
Total	\$ 46,900

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

14. Contractual Obligations (continued)

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

Information Technology Support Contract

On November 1, 2017, the Corporation entered into a 5 year service agreement for the provision of helpdesk and technical infrastructure support services expiring October 31, 2022. Under the terms of the agreement, the Corporation will pay fixed and variable fees. Fixed fees are as follows:

2020	\$ 359,100
2021	359,100
2022	359,100
2023	209,475
Total	\$ 1,286,775

Security Contract

In April 2019 the Corporation exercised a 5 year extension to the previous service agreement for the provision of security services expiring March 31, 2024. Under the terms of the agreement, the Corporation will pay annual fees as follows:

2020	972,553
2021	1,014,304
2022	1,049,855
2023	1,068,064
2024	1,091,966
Total	\$ 5,196,742

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:

2020	\$ 350,000
Total	\$ 350,000

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

14. Contractual Obligations (continued)

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, 2022 respectively. Future minimum payments are as follows:

2020	\$ 241,212
2021	78,990
2022	53,535
Total	\$ 373,737

The Corporation is also obligated to cover a proportion of property taxes for the lease expiring in 2020. These costs amounted to \$48,335 in fiscal year 2019.

The Corporation may incur additional costs associated with accessing, adding or removing pallets from Cold Storage.

Elevator Modernization Contract

In November, 2015 the Corporation exercised a 5 year extension of the previous service agreement for the provision of elevator maintenance services expiring November 30, 2020. Under the terms of the agreement the Corporation will pay annual fees as follows:

2020	\$ 83,678
2021	56,891
Total	\$ 140,569

Janitorial Services Contract

In April, 2017 the Corporation entered into a 3 year service agreement for the provision of janitorial services expiring March 31, 2020. Under the terms of the agreement, the Corporation will pay a fixed fee. The fixed fees are as follows:

2020	\$ 402,446
Total	\$ 402,446

In addition, the Corporation will be invoiced at cost for janitorial consumables (approximately \$30,000 - \$35,000 per year).

15. Contractual rights

Operating Agreement

The Corporation 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 theatre sales including certain negotiated adjustments, plus specific amounts for additional operating costs. The term of the agreement is 30 years and expires June 24, 2028.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

16. Employee Pension Plan

The Corporation and its employees contribute to the Public Service Pension Plan, a jointly trustee pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The Public Service Pension Plan has approximately 127,000 active, inactive and retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2017, indicated a funding surplus of \$1.89 billion for basic pension benefits. The next valuation will be as at March 31, 2020.

Employers participating in the plan record their pension expenses as the amount of employer contributions made during the fiscal year. This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore there is no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the plan.

17. Related Party Transactions

The Corporation is related through common ownership to all Province of BC Ministries, agencies, Crown corporations, and all public sector organizations such as school districts, colleges, universities, and health authorities that are included in the provincial government reporting entity. In addition, senior management, directors, immediate family members of senior management and directors, and companies with which any of the above have a financial interest are also considered related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

18. 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, 2% 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.

Interest Rate Risk: The Corporation is exposed to interest rate risk through its cash equivalents. It is management's opinion that the Corporation is not exposed to significant interest rate risk as it invests solely in term deposits that have a maturity date of no more than 91 days.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019**

19. Statement of Remeasurement Gains and Losses

A Statement of Remeasurement Gains and Losses 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.

20. Budget

Budgeted figures provided in these statements were approved by the Royal BC Museum Corporation Board of Directors on December 5, 2017.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2019

21. Prior year restatement

Certain restatements have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Payments previously recorded as donations, in the amount of \$1.2 million, have been reclassified as Other Assets and royalties previously deferred have been reclassified as grants and sponsorship revenue.

As a result, certain line items have been amended in the Statement of Financial Position, Statement of Operations and Accumulated Surplus, Statement of Change in Net Debt, Statement of Cash Flows, and the related Notes to the Financial Statements. Comparative figures have been adjusted to conform to the current year's presentation.

The following table summarizes the effect of this change for each financial line item affected.

	As Previously reported, March 31, 2018	Adjustment	Restated March 31, 2018
Statement of Financial Position			
Deferred revenue	2,376,798	(76,175)	2,300,623
Net Financial Debt	(10,428,813)	76,175	(10,352,638)
Other Assets	-	1,200,000	1,200,000
Accumulated Surplus	13,029,093	1,276,175	14,305,268
Statement of Operations and Accumulated Surplus			
Grants and sponsorships	1,549,487	76,175	1,625,662
Donations	200,000	(200,000)	-
Annual Operating Surplus	22,002	276,175	298,177
Accumulated Surplus, beginning of year	13,007,091	1,000,000	14,007,091
Accumulated Surplus, end of year	13,029,093	1,276,175	14,305,268
Statement of Change in Net Debt			
Annual Operating Surplus	22,002	276,175	298,177
Acquisition of other assets	-	(200,000)	(200,000)
(Increase) decrease in net debt	(474,045)	76,175	(397,870)
Net debt, end of year	(10,428,813)	76,175	(10,352,638)
Statement of Cash Flows			
Annual Operating Surplus	22,002	276,175	298,177
Deferred revenue	1,015,054	(76,175)	938,879
Cash used for the acquisition of other assets	-	(200,000)	(200,000)

Appendix A – Additional Information

Corporate Governance

The Royal BC Museum is 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.

Board governance information on the Royal BC Museum's websites includes all information required by Section 3 of the Best Practice Guidelines Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations.

Board of Directors (as of August 23, 2019)

Raymond Protti, Chair; David B. Adams, Vice Chair; Nika Nicole Renee Collison; Robert Jawl; Tewanee Rangira Rongonui Joseph; Wendy King; Dr. Daniel Muzyka; E. Michael O'Brien; Ratana Stephens; Anuja S. Varshney; Peeter Wesik.

Board Committees

Finance and Audit Committee; Governance, Nominating and Human Resources Committee; Museum Re-development Committee

Advisory Committees

Indigenous Advisory and Advocacy Committee; Research Advisory Committee

Senior Management

Professor Jack Lohman, CBE, Chief Executive Officer; Gary Lacey, Chief Operating Officer; Joanne Orr, Deputy CEO and Vice President, Collections, Research and International Programs; Melissa Sands, CPA, CA, Chief Financial Officer and Vice President of Corporate Finance; Mischelle vanThiel, Vice President, Advancement.

Also see: royalbcmuseum.bc.ca/about/corporate-information/governance/

Organizational Overview

The strategic priorities of the Royal BC Museum are supported by four organizational streams, each responsible for a number of business areas: Collections, Research and International Programs; Operations; Advancement; and Corporate Finance.

Also see: royalbcmuseum.bc.ca/about/corporate-information/organizational-overview/

Contact Information

The Royal BC 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; website: royalbcmuseum.bc.ca.