



Annual Report | 2003-2004



MANDATE

The Royal British Columbia Museum Corporation is the only organization in the world dedicated specifically to the preservation of, and education about, the human history and natural history of British Columbia. Its purpose is to fulfil the Government's fiduciary responsibilities for public trusteeship of the provincial collections and exhibits. The collection is preserved for future generations of British Columbians.

VISION

Revealing British Columbia, Inspiring Wonder

With a passionate commitment to research, education and public involvement, the Royal BC Museum is proud to be among the finest cultural institutions in the world.

MISSION

To explore and preserve British Columbia's human history and natural history, to inspire curiosity and wonder, and to share our story with the world.

OUR VALUES

Accountability to public expectations and concerns.

Responsible stewardship of the collections and information entrusted to our care.

Respect for diversity.

Respect for people and partnerships.

Objectivity in our work.

Environmental responsibility.

Excellence in all we do.

ENABLING LEGISLATION

SBC 2003, c.12, *The Museum Act*

MAJOR PROGRAMS

Care of the collections.

Public access to the collections.

Exhibit development.

Research.

Public and community outreach.

MARKETS SERVED

Visitors to the cultural precinct.

Researchers.

Educators and students.

Citizens of British Columbia.

Communities throughout the province.

People seeking information throughout the world, via our publications and web site.

CONTENTS

Contents

Organizational Overview	2
Chairman's Report	5
Chief Executive Officer's Report	7
Corporate Governance	8
Exploring and Preserving	
British Columbia's History	10
Sharing our Story with the World	14
Inspiring Curiosity and Wonder	17
New Corporation, New Look	19
Passionate Commitment	19
Financial Analysis for 2003-4	21
Three-Year Financial Plan	22
Financial Statement	23

ACCOUNTABILITY STATEMENT

The 2003-4 Royal BC Museum Corporation Annual Report was prepared under our direction in accordance with the *Budget Transparency and Accountability Act*. We are accountable for the contents of the report, including the selection of performance measures and the reported results. All significant decisions, events and identified risks, as of (May 26), have been considered in preparing the report.



Board Chair



CEO

ORGANIZATIONAL OVERVIEW

On April 1, 2003, the British Columbia Legislature passed the *Museum Act* and a group of venerable British Columbia landmarks began a remarkable transformation. The BC Archives, Helmcken House, the Netherlands Carillon, Thunderbird Park, St Ann's Schoolhouse and the Royal BC Museum came together as the Royal British Columbia Museum Corporation, creating a unique cultural precinct in the heart of British Columbia's capital city.

Although its buildings are located in Victoria, the Corporation reaches every region of the province through its website, exhibits and services, and is responsible to all residents of the province.

The Lieutenant Governor in Council appointed the Corporation's first Board of Directors, which met for the first time in May 2003. The Board reports to the Minister of Community, Aboriginal and Women's Services, and is charged with ensuring the economic vitality of the Corporation, supporting its fundraising efforts, setting long-range plans, and securing and preserving the province's cultural assets.

The Chief Executive Officer reports to the Board of Directors and manages the day-to-day business affairs of the Corporation with responsibility for developing the business plan, managing the financial health of the organization and ensuring that it carries out its mission and achieves its business goals.

The new Corporation structured an executive team to ensure efficient operations as an independent organization. The team is responsible for six business areas:

Curatorial Services steward the collection and ensure the safety and longevity of all artifacts, specimens and records in the Museum's care. They conduct research and make the collection and their knowledge of it available to the public and other researchers.

Exhibits and Visitor Experience designs, builds, installs and maintains exhibits and displays, and develops public programs in collaboration with community groups. Helmcken House, the Netherlands Carillon and Thunderbird Park further enhance the opportunity to make the site a "must see" for visitors and locals.

Access and Information Management provides public access to artifacts, specimens and archival material, including images and documents. It preserves government records, collects private documents of provincial significance, oversees the *Living Landscapes* regional outreach program and operates the corporate web site to ensure electronic access to the collections.

Visitor and Human Resource Services ensures that all clients and visitors enjoy a warm welcome, a pleasant visit and a comfortable stay, whether arriving alone or in a large group. Employee and volunteer services are also this division's responsibility.

Marketing and Communications projects the public image of the Corporation. Its main functions are to increase attendance at the Museum and market the services of the Corporation to the public.

The **Chief Financial Office** manages all financial-related functions including budget management, information technology, policy, business planning and financial analysis.



Like all butterflies, the Anise Swallowtail transforms from a leaf-eating caterpillar to a flower-hopping beauty.

CORPORATE REPORT CARD

GOAL 1:	TARGET		
<p>Develop the collection to represent all of British Columbia.</p>		92%	<ul style="list-style-type: none"> 87% of collection met professional standards; some older collections require additional cataloguing. Implemented Collection Development Plan for all new acquisitions.
		92%	<ul style="list-style-type: none"> 85% of collection available to the public; some computer records require completion prior to lending the artifacts.
		88%	<ul style="list-style-type: none"> 100% of borrowers of specimens, artifacts and records showed high level of satisfaction.
		88%	<ul style="list-style-type: none"> Discussions held with First Nations regarding custodial agreements and repatriation of artifacts and specimens in our collection.
		90%	<ul style="list-style-type: none"> Government Records database 90% complete .
		80%	<ul style="list-style-type: none"> 80% of research projects are directly related to exhibits. The balance are marine or regional in focus and undertaken with partners to meet the broader B.C. mandate.
		88%	<ul style="list-style-type: none"> 100% of work on exhibits integrated with the B.C. Gallery project. Seven out of ten visitors gave Experts in the Gallery a 90% satisfaction rating.
GOAL 2:	TARGET		
<p>Create a visitor experience that increases visitation, and produce programs linked to B.C. communities.</p>		8.8	<ul style="list-style-type: none"> Achieved overall visitor satisfaction rating of 8.9 out of 10. Baseline for off-season (November to March) visitation established at 69,000. <i>Giant Robotic Insects</i> exhibit helped maintain same attendance levels as previous year over the time of its run, even though a dip in attendance is usually experienced following a major exhibit. <i>Living Landscapes</i> website reformatted and new material added. 66 million hits were received on the Corporation websites from over 1.3 million unique visitors.
		250	<ul style="list-style-type: none"> Made 304 cubic feet (8.6 cubic metres) of archival holdings available for research use.
GOAL 3:	TARGET		
<p>Revitalize the Museum's brand.</p>		420,000	<ul style="list-style-type: none"> Annual paid attendance: 423,550, plus 40,272 complimentary admissions to B.C. students and children under 5. Total attendance: 463,822.
		50%	<ul style="list-style-type: none"> Visitor exit surveys revealed that the experiences we offer appeal to new and repeat visitors; repeat visitation increased from 16% to 23%.
		50%	<ul style="list-style-type: none"> 100% of advertising products for the <i>Dragon Bones</i> exhibit conformed to usage guidelines for the Museum brand. 50% of advertising for all areas of the Corporation conformed to usage guidelines for the Museum brand. Baseline research not completed as budget not allocated until 2004-5.

<p>GOAL 4:</p> <p>Increase and diversify revenue, and manage expenditures prudently.</p>	<p>TARGET</p>	<p>\$12.751 \$4.685 million \$50,000 20% \$140,000 \$500,000 \$500,000</p>	<ul style="list-style-type: none"> • \$13.174 million received from the Province of B.C. . • Admissions and services earned \$4.622 million; admission revenue exceeded target, but other revenue streams, in early development stages, were less than forecast. • Earned \$17,000 in royalties and permissions in first year of licensing program. Increases are expected over time as commercial users become aware of the program. • 21% of admission sales were combination Imax/Museum tickets. • Earned \$158,000 revenue from gallery rentals. • Earned \$445,000 in fundraising revenue • Net income exceeded forecast budget; funds and grants received from external parties necessitated increased expenditures .
<p>GOAL 5:</p> <p>Increase financial independence.</p>	<p>TARGET</p>	<p>80% 30%</p>	<ul style="list-style-type: none"> • Transition Plan activities 100% complete . • Redefined and implemented 30% of key business processes (finance, admissions, IT). • Completed Friends benefit package and exhibit sponsorships packages.
<p>GOAL 6:</p> <p>Maintain a skilled, flexible and committed workforce, including volunteers.</p>	<p>TARGET</p>	<p>80% 48,000 hrs 80%</p>	<ul style="list-style-type: none"> • Completed the Annual Business Plan. • Completed 100% of work plans for business units and staff. • Strengthened volunteer contribution to 54,000 person hours. • Aligned 80% of volunteer activities to key functions. • Realigned Information Technology support.

THESE GOALS REFLECT THE CURRENT SERVICE PLAN OF THE ROYAL BC MUSEUM CORPORATION AND ARE SLIGHTLY MODIFIED FROM THE 2003—4 SERVICE PLAN.

This is the most enthralling museum I have ever seen. It is worth a two-day visit (though I only had a few hours). The exhibits were well presented and most realistic. Staff were pleasant and helpful. Brilliant! – visitor from Ulverston, England

CHAIRMAN'S REPORT

It is a great honour for me to submit the first Annual Report of the Royal BC Museum Corporation. Last year the Legislature passed the *Museum Act*, which joined these grand institutions: the BC Archives, Helmcken House, St Ann's Schoolhouse, the Netherlands Carillon Tower, Thunderbird Park and the Royal BC Museum to create a new Crown Corporation – the Royal BC Museum Corporation – and a cultural precinct in the heart of Victoria. This change had been recommended for close to a decade and we're

enthusiased by the opportunities increased independence presents. My thanks are extended to the Honourable George Abbott, the Minister responsible for the Corporation during its creation, for his strong support, and I look forward to working with the Honourable Murray Coell in achieving the Corporation's vision.

Since the official change in status on April 1, 2003, the Royal BC Museum Corporation has begun a remarkable transformation. Most of the changes have taken place beneath the surface, and even though they are deliberately transparent to our clients and visitors, these changes are fundamental to the Corporation's success in achieving our vision to become one of the finest cultural organizations in the world. Key steps included the recruitment of a Board of Directors, and I am pleased to serve with an outstanding group of leaders from throughout the province in guiding the Corporation's strategic direction. The Corporation added strength to its



John Walton

executive team, and invested hundreds of hours in integrating, developing and implementing the systems and procedures necessary to function efficiently, responsibly and independently.

Building on a proud 117-year history of preserving and telling the stories of a remarkable land and its people, the Corporation is embarking on an ambitious plan to cement our place as the cultural heart of British Columbia. The provincial government has committed a stable level of funding over the next five years to ensure preservation of the

collections. Our aim is to reduce our reliance on government funding by building a strong, sustainable stream of revenue and a stable cost base. To that end, we reduced expenditures and increased earned revenue to \$5.375 million.

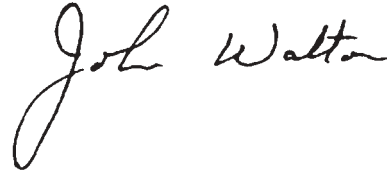
Entrepreneurship, philanthropy and fundraising are new skills we're honing to improve our financial sustainability and create stronger ties with communities throughout B.C. Yet, as we reach out to new partners and communities, we recognize that the provincial government will always be one of our most important partners. The responsibility of ensuring that the Museum's collections – and hence the province's history – are enhanced and maintained in perpetuity is one that should rightly be of government. *In perpetuity* is a long time, and there is no better way to guarantee the preservation of the documents, photographs, specimens and artifacts that make up our collective history.

Looking ahead, the Corporation faces challenges

similar to those confronted by cultural organizations across North America. Among them the increasing costs of maintaining and growing collections, improving older buildings, and regenerating aging exhibits. As an important cultural attraction, the Royal BC Museum faces additional risks associated with uncertainty in the tourism industry. We have developed a comprehensive plan to address these challenges. Of particular importance is the need to identify opportunities for building our financial sustainability and to ensure a sound return on our investments.

These challenges are being ably met by those the Corporation depends upon for its success, and I wish to express my personal thanks to the tremendously loyal employees, volunteers, Friends, community supporters, donors and Board members all of whom are committed to our collective success. We plan to

develop the precinct into a vibrant cultural complex – a place to discover the breadth and depth of British Columbia’s people and places, a source of knowledge, discovery and entertainment for the benefit of all British Columbians.



John Walton
Chair, Royal BC Museum Corporation
Board of Directors



The Netherlands Carillon
chimes every day.



Built on this site in 1852, the
Helmcken family home gives
visitors a look back at Victoria’s
colonial history.

CHIEF EXECUTIVE OFFICER'S REPORT

It gives me great pleasure to deliver the first annual report as CEO of the Royal BC Museum Corporation. Our first year as an independent Crown Corporation has been an exciting and exhilarating experience.

Looking ahead to what the Royal BC Museum Corporation may become in the next few years, we see a vibrant cultural precinct: a series of separate buildings and exhibits transformed into an integrated whole, celebrating the remarkable people, nature and history of British Columbia.

We have already taken our first steps toward this vision through the development of a long-term Master Plan. We see a day soon when the moment someone steps off the street and into the precinct, they will be transported from 21st-century British Columbia, perhaps to other parts of the province, perhaps to First Nations culture before European contact, perhaps to life as it was lived in Kamloops over a century ago. Today's rapidly-developing technology combined with the talents of staff and the authenticity of yesterday will enable us to realistically recreate the sights, sounds and smells of those different times and places, providing visitors with an experience where the past truly lives.

As we develop our Master Plan, we are mindful of the unique character of our province. There is no place on earth like British Columbia, and the desire to reflect it in everything that we do – whether it be collection planning, architectural design or retail development – has shaped the development of our



plan. As a Crown Corporation we have greater opportunities and more flexibility to develop partners and benefactors in the private sector who share our passion for British Columbia, and our pride in sharing our stories with the world.

Curiosity about our world almost matches our enthusiasm for British Columbia. The Royal BC Museum will continue to host and sponsor major international exhibits. These special exhibits provide a window on the rest of the world, draw new visitors to the Museum, and provide British Columbians with enriching opportunities

to view civilization's finest collections close to home. Hosting the world's finest adds to our prestige and demonstrates our ability to work among the world's best.

During a banner year for special exhibits, most of our earned revenue came through admissions revenue. The blockbuster, *Dragon Bones: When Dinosaurs Ruled China*, surpassed ambitious admission expectations by eight per cent, delivering \$1.3 million in revenue and generating significant economic spin-off benefits to southern Vancouver Island. During a disappointing and challenging tourism year, *Dragon Bones* was cited as the primary or sole reason for visiting Victoria by over 30 per cent of all visitors to the exhibit. Visitor satisfaction levels remained high, with an overall satisfaction rating of 8.9 out of 10. *Giant Robotic Insects* followed on its heels, arresting the dip in admissions that often follows a major event.

While the temporary exhibits drew the lion's share of the headlines, the Museum's permanent galleries – the displays and collections that represent B.C.'s natural history and human history – continued to inspire new and returning visitors.

Our collections grew during the course of the year, with some outstanding artifacts and records added, including an important collection of B.C. fossils and the Klondike Gold Rush diaries of Thomas F. Seldon. We see a future where the whole of the province thinks of the Museum and Archives as theirs, reflecting the full spectrum of human history and natural history. We are strengthening our links with communities around the province – our research must represent the entire province.

Accomplishing our transformation will not be effortless. We're guided by a strong vision, a clear plan, and the dedicated support of a loyal cadre of staff, volunteers, Friends, Board members and supporters who share a common goal – to share our pride in British Columbia, and see the Royal BC Museum Corporation take its place as one of the finest cultural institutions in the world.

Pauline Rafferty



Chief Executive Officer
Royal BC Museum Corporation

CORPORATE GOVERNANCE

GOVERNING PRINCIPLES OF THE BOARD OF DIRECTORS

A Board of Directors governs the Royal British Columbia Museum Corporation, guided by legislation, regulation and public policy. The Board is accountable to the minister responsible for the Museum to ensure the application of the *Museum Act*, so that the Museum conducts its affairs in a manner that complies with the legislation and accepted standards of conduct, operates within approved financial standards, and fulfils its purpose and mandate.

The Board of Directors consists of not more than 11 directors, all appointed by the Lieutenant Governor in Council. As a policy board, it concentrates on providing leadership and direction to the Museum through clearly articulated policies and corporate goals. In delegating authority to the Chief Executive Officer, the Board monitors the performance of the CEO and holds her accountable for results and progress. Having established the policy framework, the Board allows the CEO to administer corporate operations and does not involve itself in management decision-making or the day-to-day operations of the Museum.

Finance and Audit Committee ¹

The Finance and Audit Committee ensures that the Corporation's financial and accounting policies conform to the provisions of the Museum Act and all other applicable legislation, and that the Museum's financial reporting systems meet the needs of the Board and the Museum itself. Ex-officio members include John Walton (Board Chair) and Pauline Rafferty (CEO), with staff support from Faye Zinck (Chief Financial Officer)

Nominating Committee ²

The Nominating Committee, responsible to the



Board of Directors.

Standing, left to right: Barbara Rae², Neil Sterritt², Ralph Bodine¹, David Stowe², Donald Hayes¹, Anna Nyarady. Seated, left to right: David Mulrone, John Walton, Allison McNeill, Pauline Rafferty (CEO), David McMillan¹. Not Pictured: Cynthia Woodward².

Board of Directors, meets as required but at least once a year. Its functions are to establish the criteria of skills required for membership on the Board, pre-screen and recommend Board candidates, recommend persons for the positions of Chair and Vice Chair, and recommend persons to sit as members of Board committees. Ex-officio members are John Walton (Board Chair) and Pauline Rafferty (CEO).

The Royal BC Museum Executive Team

- Pauline Rafferty, Chief Executive Officer
- Brent Cooke, Director of Exhibits and Visitor Experience
- Grant Hughes, Director of Curatorial Services
- Gary Mitchell, Director of Access and Information Management
- Angela Williams, Director of Visitor and Human Resource Services
- Cynthia Wrate, Director of Marketing and Communications
- Faye Zinck, Chief Financial Officer

EXPLORING AND PRESERVING BRITISH COLUMBIA'S HISTORY

The collection is the heart of the Royal BC Museum Corporation. British Columbia's largest and most comprehensive collection of cultural treasures – comprising more than seven million specimens, artifacts documents and records – is in our care.

The Corporation's primary goal is to ensure a collection that is representative of the human history and natural history of B.C., preserved for future generations. The growth of the collection is carefully guided for the benefit of all British Columbians, and we strive to ensure the public can access the collection itself and the information it holds.

Some 900 objects from the collection were loaned for research and exhibition during the past year. Loans included artifacts, specimens and original artworks. The BC Archives reference room received 10,000 research visits and retrieved more than 12,000 boxes of archival records and 14,000 reels of microfilm for research use. Curators, archivists and other experts replied to nearly 5,000 written enquiries, as well as thousands of phone calls and email questions regarding the collection. Our website received 66 million hits from more than 1.3 million unique visitors.

OUR ACQUISITIONS IN 2003—04 INCLUDED:

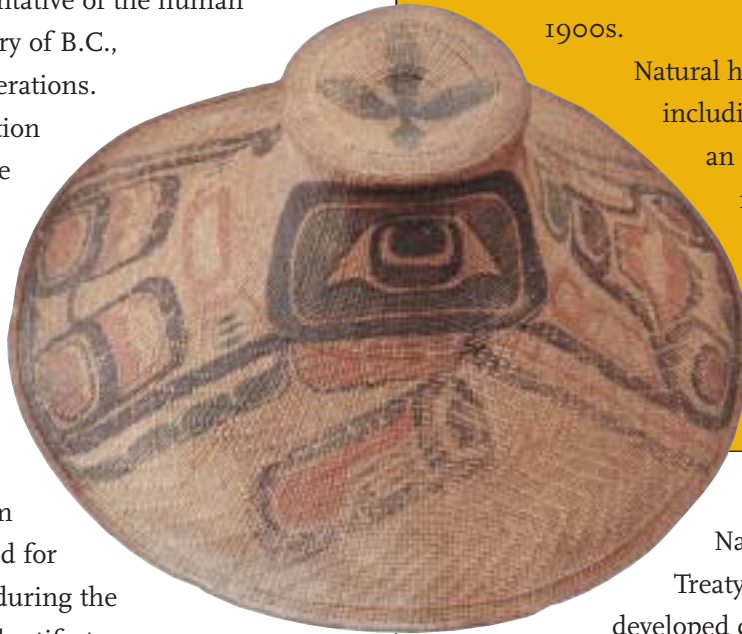
Archaeology: 24 collections, including a set of petroglyph rubbings from the coast.

Ethnology: 4 collections of audio-visual records and 6 artifacts, including a rare cedar hat.

History: 31 artifacts, including the personal trunk of an itinerant Chinese worker from the early 1900s.

Natural history: 11,451 specimens, including a new species to B.C. and an important collection of fossils.

Archives: 20 collections of correspondences, diaries, journals, photographs and film, including the Klondike



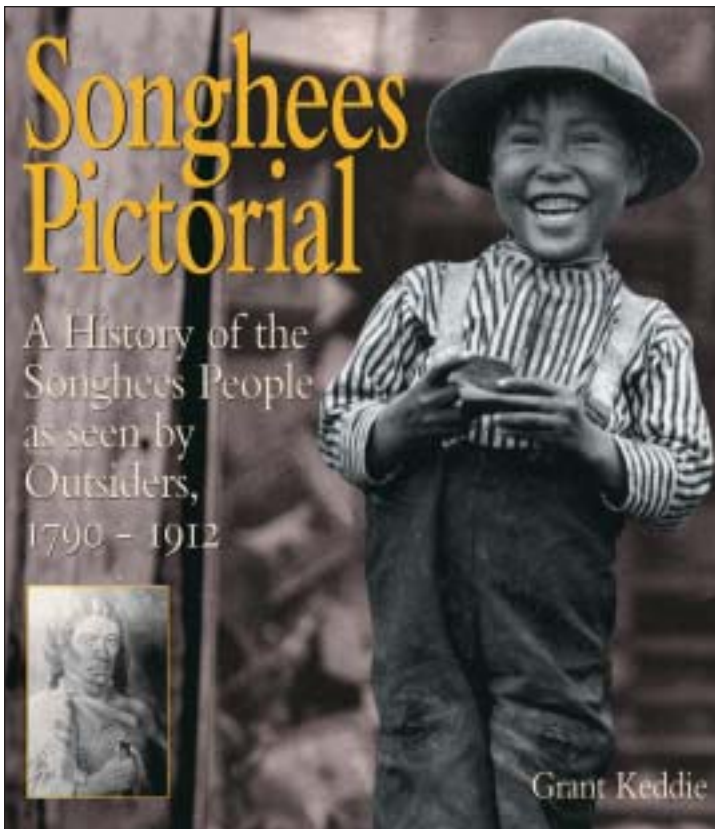
Working closely with First Nations and the Provincial Treaty Office our ethnologists developed custodial and repatriation agreements for certain parts of the collection. A long-term Collection Development Plan is near completion. It will identify areas of the collection

that are under- or over-represented, and provides comprehensive guidance for the conscious acquisition and de-accession of items to ensure that our collection is broadly representative of British Columbia.

While acquisitions are important, our main task is to preserve the collection.

Spruce-Root Hat

The weave, shape and design of this spruce-root hat indicate that it was made in Kwakwaka'wakw territory, likely before 1890. Its provenance states that it was sold or traded in Vancouver in the early 1900s, revealing that hats of this type became part of a wide trade network. The hat was purchased with funds from the Sieburth Fund, an endowment for the acquisition of First Nations weaving.



Publications provide lasting access to the collection. *Songhees Pictorial* by archaeology curator Grant Keddle, presented images of Victoria in the 1800s taken mostly from our own collection.

Collections and conservation staff monitor humidity and light levels daily, and they routinely check artifacts and specimens for damage caused by insects. We are working to preserve printed records on microfilm, which outlives paper, requires less storage space and is more easily accessible. This year, we preserved 101 collections of records on microfilm, comprising 153,729 exposures. The Government Records database also approached completion (90%), and we digitized more than 400 hours of First Nations narratives, songs and other ethnographic information, many of which faced obsolescence in their original recordings.

Accessibility to the collection was further enhanced electronically through our web site: www.royalbcmuseum.bc.ca. The inventory database for 10,000 records of paintings, drawings and prints is complete, and almost 50% of the historic

photographs collection is recorded in the database. The library collection added 1000 records to the database this year. Development work continued on the *Journey's and Transformations* website for the Virtual Museum of Canada, supported by the Canadian Heritage Information Network. This project showcases Canadian heritage on a single website (www.virtualmuseum.ca) and will be completed the summer of 2004.

BALANCING ACCESS AND PRIVACY

Corporate Information, Privacy and Records at the BC Archives is responsible for determining the right of access to archival records that contain information restricted from disclosure under the Freedom of Information and Protection of Privacy Act (FOIPPA), the federal Youth Criminal Justice Act, the Adoption Act, the B.C. Supreme Court Rules, and government policy. Our staff responded to 475 requests for access to archival records under these acts this year. In anticipation of future requests, the access status of approximately 1,000 boxes of archival records has been determined and designated either Open or Restricted.



Living Landscapes: Preparing dinosaur bones for removal from the ground in northeastern B.C.

Photo: Rich McCrea.

IN THE REGION

The *Living Landscapes* program focused on the Peace River - Northern Rockies region of the province. Partnerships with 11 local project participants support a variety research and educational projects in the region. Information and collections of regional interest are available through the *Living Landscapes* section of our web site. The Peace River - Northern Rockies component was expanded and new material added to the Upper Fraser Basin and Columbia Basin components. Visitation to the site continues to grow.

I've just spent some time investigating the website about the Living Landscapes program, and I must say that I am impressed! Studying history from a regional perspective makes so much sense. – e-mail from Adee Dawn Pelan, a website visitor, February 3, 2004.

Clock and music box

Timothy E. Eaton gave this clock/music-box to John Poole as a gift for his son. Every year, the two men travelled to Europe to buy toys for Eaton's Department Store, and during one of these trips Eaton purchased the clock. The music-box portion has a coin slot in the side suggesting it was originally intended to be used in a public place.



EXPLORING FURTHER

A selection of research projects currently underway by Museum curators, collections managers and associates:

Robert Cannings (entomology) continued work on “The Dragonflies of Northern British Columbia”, visiting 85 collection sites at least once and collecting about 990 adult and 200 larval specimens of at least 34 species. This represents a major contribution to the Royal BC Museum collection.

Richard Hebda (paleobotany) continued work on “Vancouver Island Paleoecology”, expanding the data on the history of subalpine and alpine ecosystems and how they relate to Vancouver Island Marmot habitats.

Philip Lambert (marine invertebrates) took part in a benthic survey off the Queen Charlotte Islands (Haida Gwaii), collecting about 200 lots of deep-water invertebrates. He identified echinoderm specimens as part of his Experts in the Galleries duties and added to the invertebrate collection; many will be incorporated into a Museum Handbook on echinoderms.

Robert Forsyth (invertebrates associate) conducted a “Survey of the Land Molluscs of Northern British Columbia”.

He collected specimens from northeast B.C. in the summer of 2003 and used

the data in his manuscript for a Museum Handbook to be published next year.

Kendrick Marr (botany) studied “Botany of B.C. Mountains” for the B.C. Gallery project, collecting about 1,450 specimens, primarily from alpine areas near Williston Lake, Pine Pass and Tumbler Ridge; approximately 800 specimens have been identified, some represent range extensions.



The Savenye Fossil Collection

Rene Savenye was a teacher, a naturalist and an avid fossil hunter who died tragically in 2002 while collecting fossils. Some months after his death, his widow, Anne Savenye, donated part of his fossil collection to the Royal BC Museum for the people of British Columbia. The collection is one of the oldest and best documented in B.C. The portion donated to the Museum contains 3,150 fossils: animals (mostly insects) and plants (leaves, seeds, flowers and fruits) from as far back as the Palaeozoic Era (542 to 251 million years ago). The fossil fish shown here lived in B.C.'s interior lakes around 45 million years ago.

Grant Keddie (archaeology) completed his manuscript of *Songhees Pictorial: A History of the Songhees People as seen by Outsiders, 1790–1912*, which was published in December 2003.

Nancy Oke (history associate) and Robert Griffin (history) completed a first draft of “Feeding Victoria for 100 Years: Food, Packages and the Consumer”, a book on the history of food-related businesses in Victoria. They are now compiling an image bank to submit with the final manuscript.

SHARING OUR STORY WITH THE WORLD

If the collection is the heart of the Corporation, the exhibit spaces are where its imagination takes flight. Our aim is to ensure that visitors enjoy a memorable and awe-inspiring experience, one that will bring them back again and again, one that they will want to tell others about. By placing the collections in realistic settings and enhancing them with people and technology, we bring the past to life.

Such commitment to detail is carried through the permanent galleries and special exhibits. This year, visitors experienced the age of dinosaurs, got a mite's-eye view of the world of insects, said goodbye to *Open Ocean*, and caught a glimpse of a new exhibit being built.

Our exhibits are the public face of the Corporation, a point of cultural pride for British Columbians and an important contributor to the local tourism economy. Behind the scenes, preparations are underway to take visitors on a journey through ancient Egypt and the cycles of climate change in British Columbia.



Dragon Bones loomed large as the major exhibit of the year.

EXHIBIT HIGHLIGHTS

Dragon Bones – When Dinosaurs Ruled China

March 13 to October 15, 2003

One of our most popular exhibits ever and a boon to regional tourism, *Dragon Bones* featured dinosaur denizens of the Mesozoic Era, from the immense Mamenchisaurus to the infamous Velociraptor. Among the towering giants, innovative programming included junior docents and a dig pit that offered children a chance to excavate fossil skeletons just like real dinosaur hunters. A special section on B.C. showcased

a portion of our fossil collection and connected B.C.'s own deep past to Mesozoic Asia.

Staff added Royal BC Museum flair to the exhibit, creating custom mounts, stanchions, signs and backgrounds, including a 24-metre panoramic mural of the Gobi Desert as it may have looked 200 million years ago. The exhibit provider was so impressed by our additions that they purchased all of them for use in future.

During the exhibit, attendance increased by 79 per cent and revenue by 82 per cent over the same period in 2002. A third of the visitors who reside in B.C. came from outside southern

Vancouver Island. And, during a difficult year for tourism, over 30 per cent of all visitors to the exhibit identified *Dragon Bones* as their main reason for visiting the Royal BC Museum, while 9 per cent of all Museum visitors identified it as the sole or primary reason for visiting Victoria. Third-party research confirms the value of a strong cultural centre: Tourism Victoria states the total number of tourists visiting Victoria primarily for its cultural offerings increased by over 3 per cent in 2003.

OCEAN GIVES WAY TO LAND

On September 28, 2003, the *Open Ocean* exhibit closed after almost 20 years of plunging through the darkness to explore the secrets of the deep. Time and changes in technology caught up with this exhibit – replacement parts and software were no longer available.

In its place, construction is underway at the entrance to *Living Land, Living Sea*. A new exhibit will explore climatic patterns in B.C., using live data from various regions of the province and newly developed computer models. The construction temporarily removed the Woolly Mammoth from public view, though fans can catch a glimpse of him through the safety hoarding. When the new gallery is complete, the Woolly Mammoth will have a renovated habitat.



Entrance to *Giant Robotic Insects*, where the tiny became tremendous.

Brewer's Gold – A History of the Hop Industry in British Columbia

**October 9, 2003,
to January 4, 2004**

This special exhibit was presented free of charge to visitors and told the story of one of the province's first commercial agricultural enterprises: hop farming. Produced by the Chilliwack Museum, *Brewer's Gold* used artifacts, photographs and film to explore the industry's regional development, its principal growers, the "Hop Craze" of the 1890s, and its diverse ethnic workforce.

Giant Robotic Insects

**November 13, 2003,
to April 18, 2004**

Less than a month after we said

good-bye to ancient dinosaurs, the doors opened to moving monster insects that provided a mite's-eye view of the fascinating world of bugs. The exhibit entertained children and provided a whimsical backdrop to a showcase on B.C. insects and insect issues, including the beautiful Monarch Butterfly, the mysterious Black Widow Spider and the destructive Mountain Pine Beetle

Giant Robotic Insects provided additional value for visitors in the slower season, and enhanced the educational value of school visits. Attendance and revenue figures remained the same as over the equivalent period in the previous year – a notable achievement, as attendance often decreases following a major exhibit such as *Dragon Bones*.

THE PHARAOHS COMETH

While *Giant Robotic Insects* occupied half of our temporary exhibit gallery, behind the walls, in the other half, technicians prepared for the most prestigious, ambitious and *heaviest* exhibit the Royal BC Museum has ever hosted.

Eternal Egypt: Masterworks of Ancient Art from The British Museum is one of the finest exhibitions ever mounted on one of the world's most fascinating subjects. The Royal BC Museum joins a select group of institutions meeting the criteria to host these unique treasures from the British Museum's Egyptian collection. It is the sole venue in the northwest quadrant of the continent and one of only three Canadian museums to host the exhibit.

Our first task was to conduct an engineering assessment to determine if our walls and floors could handle the load of such large artifacts; then we designed and installed special floating



Mummy Mask of Satdjehuty

Provenance Unknown

New Kingdom, early Eighteenth Dynasty
(ca 1500 B.C.)

Cartonnage, painted and gilded.
Height 33 cm (13 inches).

EA 29770, acquired in 1880, purchased at Morten & Sons from the sale of the collection of Samuel Hull.

© Trustees of The British Museum,
courtesy AFA.

beams to withstand the weight and ensure safety in case of an earthquake. Dividing walls, plinths and mounts were constructed, and models of ancient Egyptian household items, marketplaces and tombs created. Work continues until *Eternal Egypt* opens on July 10, 2004. Public programming staff have prepared a slate of events and activities surrounding the exhibit, including an ancient Egyptian marketplace, weekend workshops and summer camps. Completing a full Egyptian package, the Imax Theatre will show the film, *Mysteries of Egypt*.

Advance marketing for *Eternal Egypt* also began with behind-the-scenes tours for tourism operators and the media to gain advertising support and advance ticket sales. An accelerated ticket sales program made tickets available four months prior to opening at the museum and through public/private sales partners.

INSPIRING CURIOSITY AND WONDER

The Royal BC Museum Corporation is an ever-changing source of knowledge, discovery and entertainment. We hosted eleven public events this year, building on strong links with community organizations.

May 9, 2003:
The Vancouver Island Regional Heritage Fair – displays and presentations on aspects of Canadian history. Major partners: Southern Vancouver Island Heritage Fair Committee, Victoria Native Friendship Centre, School Districts 61 and 62.

May 10, 2003:
Astronomy Day – family-oriented activities about space, astronomy and the nature of the universe. Major partners: Royal Astronomical Society, Centre of the Universe.

May 24–25, 2003:
B.C.'s Lost World Weekend featured fossils from the collections of B.C. museums. Major partners: Courtenay and District Paleontological Centre, Qualicum Beach Museum, Victoria Paleontological Society.

August 2–4, 2003:
Walking with Our Ancestors Weekend (formerly the First Peoples Festival) – one of the largest urban aboriginal arts and cultural events in Canada.

Produced by the Victoria Native Friendship Centre in collaboration with the Royal BC Museum.

September 27, 2003:
The Urban Wild Party attracted gardeners who appreciate wildlife, want to conserve water and enjoy beautiful native plants. Major partners: Life Cycles, Native Plant Study Group, Naturescape British Columbia, CRD Parks, City Green, Victoria Compost Education Centre.

October 15, 2003:
Opening the *Brewer's Gold* exhibit, historians Ron Denman and Greg Evans gave an illustrated talk on the 135-year history of B.C.'s hop industry and the longer history of hops as food, medicine and beer flavouring.

October 30, 2003:
Sit Down and Drink Your Beer complemented *Brewer's Gold*. Author-historian Robert Campbell recounted the complex and often humorous history of beer parlours in Victoria and Vancouver.

November 8–11, 2003:
The Remembrance Commemoration Weekend (Remembering the Past, Hoping for the Future) recognized the role Canadians played in conflicts and peace-keeping around the world.



Bug-chef David George Gordon cooks up a culinary adventure for his audience in "The Essentials of Bug Cookery".

Partners: many local organizations, community groups, veterans, military personnel and students.

November 13, 2003:
The Perfect Pour, presented with *Brewer's Gold*, offered a journey through the world of beer and brewing, hosted by brew masters Dave Hopgood, John Rowling and Gerry Hieter.

November 29, 2003:
From Soup to Gnats: the Essentials of Bug-Cookery complemented *Giant Robotic Insects* and offered a culinary adventure by David George Gordon, author of *The Eat-A-Bug Cookbook*, who discussed edible insects and cooked up some samples.



Junior Docent Matthew Roy illustrates the functions of various dinosaurs' teeth and bones

January 31 and February 1, 2004: **Robotics Weekend** complemented *Giant Robotic Insects* and featured robots of all shapes, sizes and uses. Major part-ners: Institute of Ocean Sciences, University of Victoria, Inuktun Sub-Oceanic Services, Roper Resources, Marine Ecology Lab.

SCHOOL PROGRAMS

School programs have a long history of providing non-traditional learning opportunities to B.C. students, and consistently receive a high satisfaction rate in teacher surveys (98%). Each school program is a powerful educational tool and memory-maker, and is instrumental in encouraging future visitation. This year, 70 docents taught 243 programs to 5,515 students. Programs offered: Fins, Feathers & Fur; Pioneer Life; Wolves; A Day's Journey; Tree-mendous Forests; Wealth from the

Ground; Marsh Monsters. Another 33,000 students visited our exhibits on self-conducted tours.

VALUE-ADDED GALLERY EXPERIENCES

Gallery animation, guided tours and Experts in the Gallery add value and lasting memories to the visitor experience, allowing visitors to learn more about areas or items that intrigue them.

Tour Program:

Volunteer tour guides conducted 54 tours of the galleries for 500 visitors as a value-added experience, and for new-volunteer orientation.

Gallery Animation:

From June to September, 35 docents greeted visitors at various stations throughout the galleries, their animation carts full of objects visitors could handle and learn more about. This year our docents featured mammoths, bears, creatures in the tide-pool, bird flight, pioneer life, the

gold rush and First Nations use of cedar.

Docents also animated *Dragon Bones: When Dinosaurs Ruled China*, offering hands-on discussions about fossils, fossil excavation and dinosaur teeth. This exhibit introduced an exciting new animation program: Junior Docents. Eighteen students, aged 9 to 12, graduated from our training program and then ventured into the land of *Dragon Bones* with their animation carts to educate and entertain visitors for the entire run of the exhibit. Junior Docents were a hit with visitors and will return for *Eternal Egypt*.

DINO DAYS SUMMER ACTIVITIES FOR KIDS

This program invited children aged 6 to 12 to fun-filled half-day dinosaur programs. In all, 127 children participated, learning about dinosaurs and their tracks, digging up bones, and making a cast of a fossil to take home.

MORE IN THE GALLERIES

This year we introduced community partnerships to the Experts in the Gallery and gallery-animation programs with thematic events for extended periods, including a Shell Display of marine molluscs and Coast Salish Week, a special celebration that highlighted Vancouver Island Coast Salish peoples and their cultures, enhanced by a variety of objects and photographs from the anthropology collection.

NEW CORPORATION, NEW LOOK

Concurrent with the creation of the new Royal BC Museum Corporation, we introduced a new visual identity. The identity forms the basis of a new brand and a new vitality – a celebration of British Columbia – a remarkable place and its people.

The identity pulls together each of the elements of the Corporation, and will become a powerful symbol for an organization like no other – a cultural centre that is an ever-changing source of knowledge, discovery and entertainment.



PASSIONATE COMMITMENT

Essential to the Corporation's success is a competent, flexible workforce that includes a strong contingent of volunteers. A major achievement for this year was the alignment and integration of staff across the new Corporation, with open, honest communication as a hallmark of the change.

A transition team of cross-organizational employees made recommendations to the executive on organization and efficiency, and worked with their peers to address questions regarding the new structure of the Corporation

New staff were recruited to fill gaps, including a Chief Financial Officer, a Director of Marketing and Communications, and staff in curatorial services and exhibit arts. Some staff were also integrated into more functional workspaces to encourage teamwork and reduce costs, and Human Resources conducted position evaluations to ensure consistency throughout the new Corporation.

This year the Corporation completed a pilot project to address the challenges of an aging workforce, and the succession of skills and knowledge to a new generation of museum leaders.

The Museum Leadership Development Program (MLDP) was a nine-month internship program designed to train new managers and operators of museums. Four interns completed the program.



Docent Jean Howe demonstrates the tools and technology of early pioneers in front of our pioneer farm diorama in the History Exhibit.

VOLUNTEERS

Volunteers contribute thousands of hours and immeasurable energy to the Corporation. More than 560 people volunteer, with about 450 active at any one time. The total time contributed by volunteers over this year was 54,000 hours.

Almost 200 new volunteers were recruited this year; some for special exhibits. Volunteer training is ongoing, with monthly orientation sessions for new and returning volunteers, seasonal training for docents and weekly group meetings. A library of training materials was developed to keep volunteers current with the practices, policies and specific knowledge associated with their roles. Flexible training practices increase our volunteer base and directly affect the services that the Corporation offers the public. More than 200 volunteers attended our annual Volunteer Recognition event. The energy and dedication of volunteers continue to ensure that we have the capacity to meet our goals.

GALLERY RENTALS AND GROUP SALES

The Royal BC Museum was recently voted Best Off Site Venue by Meeting Planners West, a –professional association of meeting planners from western Canada, U.S.A. and Mexico. The galleries are a popular location for corporate gatherings, celebrations and staff parties. Sixty-nine special events in the galleries generated \$158,000 in revenue. An additional 2,100 groups representing 130,000 visitors – many of them school children – made advance bookings to tour the galleries or view IMAX films.



Gardener Charles Knighton takes visitors on a tour of the Native Plant Garden during our special Urban Wild Party day.

The hands-on activities in the Dragon Bones exhibit were wonderful. I would recommend this museum to anyone – it is truly child oriented. Every docent and staff member was helpful and knowledgeable.
– visitor from Rockdale, Texas

FINANCIAL ANALYSIS FOR 2003 — 4

Our first year of operation as a Corporation required us to establish bank accounts, accounting programs, accounting policies, and other essential management systems. In 2003–4, the Corporation operated within a total budget of \$19,600,000. Operating results of \$764,013 for the year were as forecasted.

REVENUES

In 2003–4, the Province of British Columbia contributed 65% of revenues. The Province has made a financial commitment to provide \$12,105,000 each year through to the 2008–9 fiscal year.

One of the Corporation's objectives is to increase earned revenues through special exhibits, fundraising, sponsorships and other revenue-generating activities.

The balance of revenues (35%) were from admissions and other sources, including \$575,000 from Destination Cinema Canada for recovery of expenditures and royalties earned; \$500,000 in grants related to projects with the federal government; and license-fee sales of archival images, gallery rentals, publications sales and programs. Two special exhibits (*Dragon Bones* and *Giant Robotic Insects*) helped boost admissions and other revenue.

The Friends of the Royal British Columbia Museum solicits membership and coordinates other support activities on behalf of the Museum. In 2003–4, the Friends donated \$375,000. The Royal British Columbia Foundation holds long-term investments and endowments for the Royal BC Museum Corporation.

OPERATING EXPENSES

Employees and volunteers are the Corporation's most important assets. The majority of the Corporation's revenue supports fixed costs for salaries (41%) and facilities (30%). Volunteers provide in excess of 54,000 hours of services.

CAPITAL COSTS

Structural preparations began for the Natural History Gallery and B.C. Map project. Two software applications were purchased: Great Plains Accounting and ATMS+, a new admission, membership, and ticketing application. Capital projects for exhibit development and lighting in the exhibit area were established with the BC Hydro PowerSmart Incentive Program and the Environment Canada Climate Change Action Fund. Aging buildings and construction costs continue to be a financial challenge for the Corporation.

TRANSFER FROM THE PROVINCE

The Province of B.C. transferred \$1.9 million in capital assets to the Museum Corporation, consisting of exhibit development, computer equipment and software, and operating equipment.

COLLECTIONS

The largest asset of the corporation is its collection, which consists of approximately seven million artifacts, specimens and archival records. The collections are valued at \$190 million for insurance purposes.

THREE-YEAR FINANCIAL PLAN

The Financial Plan represents the Corporation's forecast over the three-year planning period 2004-7.

	2003-4 (budget)	2003-4 (actual)	2004-5 (budget)	2005-6 (forecast)	2006-7 (forecast)
Provincial Funding	\$12.751 m	\$13.174 m	\$12.100 m	\$12.100 m	\$12.100 m
Other Revenue	5.375 m	6.637 m	7.715 m	7.792 m	7.869m
Deferred capital contributions	.0	.499 m	0.585 m	0.418 m	0.196 m
Total Revenues	\$18.126 m	\$20.310 m	\$20.400 m	\$20.310 m	\$20.165 m
Operating Expenses	\$17.939 m	\$19.546 m	\$20.347 m	\$20.221 m	\$20.141 m
Operating Income	\$.187 m	\$.764 m	\$ 0.053 m	\$ 0.089 m	\$ 0.024 m
Full Time Equivalencies	145	125	145	145	145
Capital Expenditures	1.300 m	1.471 m	.575 m	.550 m	.550 m

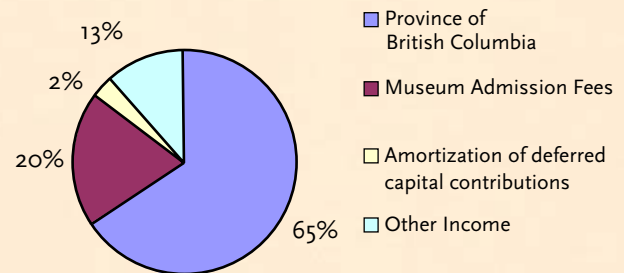
CHALLENGES

Earned revenue in 2004-5 is based on a forecasted attendance of 275,000 visitors through the *Eternal Egypt* exhibit. Attendance to exhibits and galleries is directly influenced by the strength of tourism. A soft tourism market in Victoria could impact this forecast. Revenue targets for future years are aggressive and sensitive to the success of special exhibits.

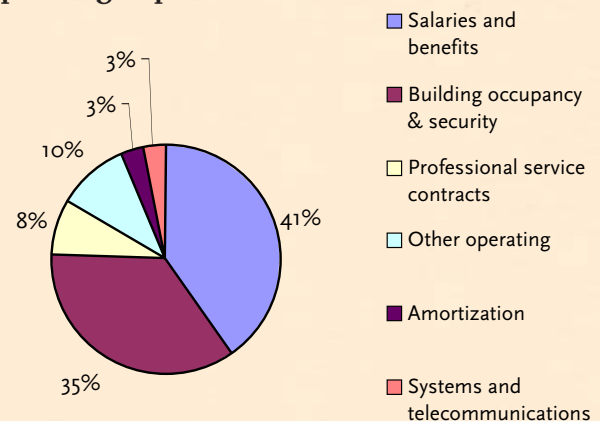
The growth of the collections, lack of exhibition, storage and office space, and an aging building place increased demands on the Corporation's limited operational resources. As a result: the infrastructure of the buildings have reached the end of their lifecycle and require major renovations; the exhibition spaces and permanent galleries have not had a complete renewal since 1979; public galleries do not incorporate representation of British Columbia's recent history; limited public programming space inhibits development of adult, family and visitor programming; and there is no display or gallery space for British Columbia's largest collection of art and historical documents held in the BC Archives.

A long term Master Plan is in development and a fundraising strategy has been finalized to address these challenges.

Revenues



Operating Expenses



OTHER

The Royal BC Museum contributes to the private-sector economy as British Columbia's second-most visited tourist attraction after Butchart Gardens, contributing \$63 million in direct annual spending in Greater Victoria (Tourism Victoria statistics).

FINANCIAL STATEMENTS

(AUDITED)

MARCH 31, 2004


MANAGEMENT'S REPORT

The financial statements of the Royal British Columbia Museum Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are management's responsibility. Financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

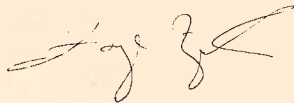
Management is also responsible for the safeguarding of financial and operating systems, which include effective controls to provide reasonable assurance that the Museum's assets are safeguarded and that reliable financial information is produced.

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

Hayes Stewart Little & Co. has audited the financial statements in accordance with Canadian generally accepted auditing standards.



Pauline Rafferty
Chief Executive Officer
April 28, 2004



Faye Zinck
Chief Financial Officer
Victoria, BC

AUDITORS' REPORT

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

We have audited the balance sheet of the Royal British Columbia Museum Corporation as at March 31, 2004, and the statements of operations and changes in net assets and cash flows for the first year of operations then ended. These financial statements are the responsibility of the Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Museum as at March 31, 2004, and the results of its operations and changes in its cash flows for the first year of operations then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
April 28, 2004
Victoria, BC

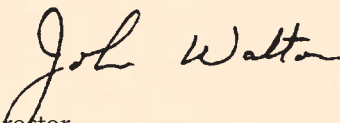
BALANCE SHEET


as at March 31, 2004

ASSETS	<u>2004</u>
Current	
Cash	\$ 2,498,990
Accounts receivable	647,865
Prepaid	57,372
Deferred exhibition costs	<u>1,154,833</u>
	4,359,060
Capital assets, net (Notes 3(c) & 6)	<u>2,839,716</u>
	<u>\$ 7,198,776</u>
 LIABILITIES AND NET EQUITY	
Current	
Accounts payable and accrued liabilities	\$ 4,126,984
Deferred revenue (Note 7)	36,198
Deferred operating contributions (Note 8)	<u>551,250</u>
	4,714,432
Deferred capital contributions (Note 8)	1,720,331
Net equity (Note 9)	<u>764,013</u>
	<u>\$ 7,198,776</u>

Commitments (Note 13)

ON BEHALF OF THE BOARD


Director


Director

STATEMENT OF OPERATIONS

For the Year Ended MARCH 31, 2004

	<u>2004</u>
REVENUES	
Province of British Columbia	\$ 13,173,500
Museum admission fees	4,110,685
Other income	2,343,652
Amortization of deferred capital contributions (Note 8)	499,323
Gifts in Kind – donated collections and artifacts (Note 3(d))	<u>183,287</u>
	<u>20,310,447</u>
EXPENSES	
Salaries and benefits	7,898,488
Building occupancy charges	5,897,198
Professional service contracts	1,575,021
Security	934,338
Amortization	613,671
Systems and telecommunications	576,653
Utilities, materials and supplies	477,185
Archival records storage	401,449
Marketing and communications	392,348
Office	369,611
Collections and artifacts – donated (Note 3(d))	183,287
Insurance	83,499
Travel	81,722
Bank charges	<u>61,964</u>
	<u>19,546,434</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	\$ <u>764,013</u>

STATEMENT OF CASH FLOWS

For the year ended March 31, 2004

	<u>2004</u>
OPERATING ACTIVITIES	
Cash received from the Province of British Columbia	\$ 16,044,436
Cash received from admissions	4,110,685
Cash received from other income	1,524,908
Cash paid for salaries and benefits	(7,744,342)
Cash paid for building occupancy and security	(6,370,803)
Cash paid for materials and services	<u>(2,622,196)</u>
Cash provided by operating activities	4,942,688
INVESTING ACTIVITIES	
Cash received for purchase of capital assets	33,481
Payments for capital assets	(1,322,346)
Deferred exhibition costs	<u>(1,154,833)</u>
Cash used for investing activities	(2,443,698)
NET INCREASE IN CASH, end of year	\$ <u>2,498,990</u>

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

1. GENERAL

The Royal British Columbia Museum Corporation (the "Museum") is a Crown Corporation of the Province of British Columbia without share capital, incorporated on April 1, 2003, under the *Museum Act*.

The purpose of the Museum is to fulfil the Government's fiduciary responsibilities for public trusteeship of the provincial collections and exhibits, including specimens, artifacts, archival and other materials that illustrate the natural history and human history of British Columbia. The Museum fulfils this purpose by maintaining and disseminating the knowledge resident in the collection, acting as a significant tourist attraction, and acting as a centre of discovery, scientific study and education.

2. INITIAL CONTRIBUTION

Effective April 1, 2003, the Museum acquired assets and liabilities in a transfer from the Province of British Columbia. These acquisitions were accounted for as contributions at the exchange amount. The Museum recorded the identifiable assets and liabilities as follows:

Initial cash contribution	\$	2,793,436
Other current assets		80,323
Deferred operating costs		551,250
Current liabilities		(3,425,009)
Capital assets		1,981,973
	\$	1,981,973

The Province of British Columbia also transferred the existing collections and exhibits, including specimens, artifacts, archival and other materials to the Museum at the same time (Note 3(d)).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

(a) Revenue recognition

The Museum follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Capital assets contributed and externally restricted contributions for the purchase of capital assets are deferred and amortized over the life of the related capital asset. Unamortized deferred capital contributions relating to capital asset dispositions are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

Government grants are accounted for as unrestricted contributions or externally restricted contributions in accordance with the terms of funding.

Admission fees are recognized as visitors attend the museum.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

(b) Deferred exhibition costs

Costs of exhibitions are deferred until the exhibitions are opened to the public and then are expensed over the period of the exhibitions to which they relate.

(c) Capital assets

Purchased capital assets are stated at acquisition cost. Capital assets transferred from the Province of BC are recorded at the exchange amount as outlined in Note 2. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

• Permanent exhibits	10 years
• Operating equipment	5 years
• Computer equipment and software	3 years
• Vehicles	3 years
• Furniture and equipment	5 years
• Leasehold improvements	Minimum 5 years or lease term

(d) Collections

The value of collections (artifacts, specimens and documents) has been excluded from the balance sheet because of valuation issues. A valuation process is being reviewed. Gifted collections are recorded as revenue at values based on appraisals by independent appraisers. The acquisition of both gifted and purchased collections is expensed. (Note 5)

(e) Museum volunteers

During the year, Museum volunteers contributed approximately 54,000 hours in support of the Museum. Their activities include guided gallery tours and a variety of programs that enrich the visitor's experience at the Museum and its profile in the community. Due to the complexities involved in valuing these services, they have not been reflected in the financial statements.

(f) Employee benefit plans

The Museum and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pensions Act*. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a multi employer defined benefit plan. The most recent actuarial valuation (March 31, 2002) has determined the Plan is in a surplus position. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship whereby the management, risks and benefits are shared between the employees and employers. Previously these matters were the sole responsibility of the Province of British Columbia.

The Museum also annually contributes through the Provincial Government payroll system for specific termination benefits as provided for under collective agreements and conditions of employment. The costs of these employee future benefits are recognized as an expense in the year that contributions are paid.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

(g) Use of estimates

In preparing the Museum's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

4. FINANCIAL INSTRUMENTS

The Museum's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair value of these assets approximates their carrying value. Unless otherwise noted, it is management's opinion that the Museum is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. COLLECTIONS

As at March 31, 2004, the collections consisted of approximately seven million artifacts, specimens and archival records. During the year, the Museum accessioned approximately 11,520 objects to its collections through the acquisition and purchase of artifacts. The collections are valued at \$190 million for insurance purposes.

6. CAPITAL ASSETS

Capital assets consist of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2004</u>
Permanent exhibits	\$ 531,161	\$ 20,066	\$ 511,095
Operating equipment	378,610	71,712	306,898
Computer equipment and software	1,023,926	295,405	728,521
Vehicles	19,605	7,049	12,556
Furniture and equipment	61,529	9,862	51,667
Leasehold improvements	<u>1,438,556</u>	<u>209,577</u>	<u>1,228,979</u>
	<u>\$ 3,453,387</u>	<u>\$ 613,671</u>	<u>\$ 2,839,716</u>

Included in leasehold improvements and permanent exhibits is work in progress of \$96,915 and \$129,839 respectively which was unamortized at March 31, 2004.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

7. DEFERRED REVENUE

Deferred revenue of \$36,198 represents funds related to future gallery rentals, advance admission sales and unredeemed gift certificates.

8. DEFERRED CONTRIBUTIONS

Deferred operating contributions

Deferred operating contributions of \$551,250 represent funds related to contributions received for future exhibits.

Deferred capital contributions

Deferred capital contributions represent the unamortized external funding, used to purchase capital assets, which will be recognized as revenue in future periods.

	<u>2004</u>
Balance, beginning of year	\$ 0
Grants for the purchase of capital assets	237,681
Capital contributions from the Province of British Columbia (Note 2)	1,981,973
Amortized to revenue	(499,323)
Balance, end of year	\$ <u>1,720,331</u>

9. NET EQUITY

	<u>Invested In</u> <u>Capital Assets</u>	<u>Unrestricted</u>	<u>2004</u>
BALANCE, beginning of year	\$ 0	\$ 0	\$ 0
Excess of revenues over expenses	0	764,013	764,013
Deferred capital contributions (Note 8)	(237,681)	237,681	0
Amortization of deferred capital contributions (Note 8)	499,323	(499,323)	0
Amortization	(613,671)	613,671	0
Investments in capital assets	3,453,387	(3,453,387)	0
Capital contributions from the Province of British Columbia (Note 8)	(1,981,973)	1,981,973	0
BALANCE, end of year	\$ <u>1,119,385</u>	\$ <u>(355,372)</u>	\$ <u>764,013</u>

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

10. THE ROYAL BRITISH COLUMBIA MUSEUM FOUNDATION

The Royal British Columbia Museum Foundation (the "Foundation") was incorporated to hold long-term investments and endowments for the Museum. The objectives of the Foundation are (a) to promote and further the aims, interest and work of the Royal British Columbia Museum; (b) to encourage, obtain and hold gifts, donations, bequests, endowments or other acquisitions of property on behalf of, and for the benefit of, the Royal British Columbia Museum; (c) to disburse, donate and make available the income or capital or both of the property of the Foundation, subject to the conditions of the gifts. The accounts of the Foundation are presented separately and are not consolidated in these financial statements.

As at December 31, 2003, the fund balances of the Foundation are as follows:

	<u>2003</u>
Unrestricted funds	\$ 15,988
Externally restricted funds	23,854
Endowment funds	478,198
	<u>\$ 518,040</u>

11. FRIENDS OF THE ROYAL BRITISH COLUMBIA MUSEUM

The Friends of the Royal British Columbia Museum (the "Friends") was incorporated to build membership and to coordinate other support activities on behalf of the Museum. The principal activities of the Friends are operation of the Royal Museum Shop, the collection of donations and supporting projects undertaken by the Royal British Columbia Museum. The accounts of the Friends are presented separately and are not consolidated in these financial statements. As at March 31, 2004, the fund balances of the Friends are as follows:

	<u>2004</u>
Invested in capital assets	\$ 354,503
Externally restricted funds	233,684
Internally restricted funds	17,650
Unrestricted funds	1,317,823
	<u>\$ 1,923,660</u>

During the year the Friends contributed \$513,000 to the Museum, of which \$375,000 has been recorded in revenue, the balance is included in deferred capital contributions. At March 31, 2004, \$104,700 is included in accounts receivable.

12. RELATED PARTY TRANSACTIONS

The Museum is related through common ownership to all Province of British Columbia ministries, agencies and crown corporations, most notably British Columbia Buildings Corporation. The Museum also has significant transactions with the Friends. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2004

13. COMMITMENTS

(a) Premises

The Museum occupies land and buildings, which are rented from the British Columbia Buildings Corporation (“BCBC”) under a master agency agreement (the “agreement”), entered into October 1, 1999. This agreement expired March 31, 2004, however BCBC and the Museum have agreed to abide by the terms of this agreement until June 30, 2004. Negotiations are currently in progress to establish a new agreement. The Museum’s commitment under the agreement for the three months ending June 30, 2004, is approximately \$1.5 million.

During the year ended March 31, 2004, the Museum paid \$5,534,619 under the agreement.

(b) Operating Agreement

The Museum has committed to a Theatre Operating Agreement for the operation of a large screen motion picture theatre at the Museum. Under the terms of the Agreement, the Museum will be paid a royalty from the theatre plus or minus certain negotiated adjustments, plus specific amounts for additional costs. The Museum is also party to the lease of the premises for the theatre and is paid all rents related to the lease agreement. The term of both the theatre Operating Agreement and the lease is 30 years and expires June 24, 2028.

14. COMPARATIVE FIGURES

As outlined in Note 1 the Museum was established as a corporation and began operations April 1, 2003, therefore, comparative figures have not been presented.

The Royal BC Museum Corporation supports specific aspects of the Government's Strategic Plan including:

- Supporting British Columbia's **education system** by providing access to the public galleries to 37,000 students annually. The Corporation continues to operate popular school programs on a cost-recovery basis. The Amazing Time Machine and Virtual Museum of Canada, an on-line galleria based on the school curriculum, reaches millions annually and provides important support for education.
- Working with many **community and business partners** – including tourism bureaus, other leading attractions, tour operators, hotels, transportation companies, private sector corporations, crown corporations and media partners – to draw tourists and local residents to the Royal BC Museum. The Royal BC Museum works in partnership with communities throughout B.C. through the *Living Landscapes* program. Plans for the cultural precinct include public-private-sector partnerships.
- Working with the Vital Statistics Agency to maintain and add to the birth, death and marriage indexes, which are a popular source of genealogy research. On behalf of the government, we manage the government archives and meet the government's obligations under the *Public Documents Disposal Act*.
- Contributing to the **private sector economy** as British Columbia's second most-visited tourist attraction, contributing \$63 million in direct annual spending in Greater Victoria (Tourism Victoria statistics). The Royal BC Museum's exhibits showcase the province's human history and natural history, exploration, and transformation. Our special exhibits build excitement and draw new and repeat visitation. In 2004 the Royal BC Museum will host *Eternal Egypt: Masterworks of Ancient Art from the British Museum*.
- Providing access to 3,523 original audiotapes that document the languages and stories of British Columbia First Nations. By connecting the past with the present, these tapes are a vital resource for aboriginal community language programs.
- Information about our collection is available to all British Columbians remotely at libraries, homes and businesses via the Internet.

Royal BC Museum Corporation
675 Belleville Street
Victoria BC Canada V8W 9W2

250-356-7226

1-888-447-7977

www.royalbcmuseum.bc.ca

