

Royal BC Museum and Archives

2017/18

ANNUAL SERVICE PLAN REPORT

July 2018



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Board Chair's Accountability Statement



The *Royal BC Museum 2017/18 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the [2017/18 - 2019/20 Service Plan](#) created in September 2017. I am accountable for those results as reported.

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Susan Knott
Board Chair

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Chair/CEO Report Letter

The Royal BC Museum (Museum) advances knowledge about British Columbia through collections, exhibitions, presentations, expertise and partnerships. In 2017/18, the Royal BC Museum also focussed efforts on the strategic priority actions contained in the [2017/18 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 2017/18 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 2017/18. 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 2017/18, 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.

A handwritten signature in black ink, appearing to read 'Susan Knott'.

Susan Knott
Board Chair

A handwritten signature in black ink, appearing to read 'Jack Lohman'.

Jack Lohman CBE
Chief Executive Officer

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 2017, the Royal BC Museum celebrated 131 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 and Operating Environment

Government's 2017/18 [Mandate Letter](#) directed the Museum to make life more affordable for families and businesses; deliver the services that people count on; build a strong, sustainable, innovative economy that works for everyone; to incorporate the UNDRIP and the Calls to Action of the Truth and Reconciliation Commission.

Approximately 43 per cent of 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.

On behalf of government, the Royal BC Museum manages \$72 million of building assets and a further \$56 million in contents (exclusive of collections) located in Victoria, B.C. Additionally, the Royal BC Museum cares for more than seven million objects, records and specimens, insured at \$150 million.

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 \$3.2 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 2017/18, 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 [Terry Fox: Running to the Heart of Canada](#), [Family: Bonds and Belonging](#) and [Wildlife Photographer of the Year](#).

¹ This figure includes Buildings Expenditures of \$2.55M and Capital Spending (on building projects) of \$0.669M.

Report on Performance

In 2017/18, the Royal BC Museum met the requirements of the [Mandate Letter](#). In addition, in 2017/18 the Museum accomplished the following:

- Continuing work to address recommendations of the 2015 *Final Report of the Truth and Reconciliation Commission (TRC) of Canada*. The Museum has focussed on supporting Indigenous education, language and culture, as well as responding to museum-specific recommendations of the TRC final report. This work includes collaboration on exhibitions, events and learning programs.
 - The Museum also engaged with Indigenous communities to promote ease of access to collections; staff travelled to conferences, special events and communities to consult with Indigenous peoples and to demonstrate the range of materials available.
 - The Museum also convened a [First Nations Advisory and Advocacy Committee](#) to advise the Museum on effective and respectful engagement with First Nations in B.C. and matters relating to the Museum's governance, corporate planning, operations and repatriation with regard to the Indigenous peoples in British Columbia.
 - Additionally, close to 40,000 people visited the Royal BC Museum precinct in June for the three-day-long Aboriginal Cultural Festival, hosted with Aboriginal Tourism BC (now [Indigenous Tourism BC](#)).
- Offering users access to more than a million records through the [BC Archives' collection search](#) (also known as Access to Memory, or AtoM). [Integrated Museum Management](#) (IMM, the museum collection management system), continues to be populated; currently, more than three quarters of the disciplines in our human and natural history collections (Botany, Entomology, Ethnology, Geology, Herpetology, Ichthyology, Invertebrate Zoology and Modern History have been populated, with Archaeology, Mammalogy, Ornithology and Paleontology to follow) and the public search functions are available.
- Publishing the books *The Language of Family: Stories of Bonds and Belonging* and *Kwäday Dän Ts'inchj: Teachings from Long Ago Person Found*; featuring Royal BC Museum publications at the London and Frankfurt book fairs and the Pacific Northwest Book Association fair in Portland.

Goals, Strategies, Measures and Targets

The Museum contributes to government's commitment to build a strong, sustainable and innovative economy by championing tourism as a job creator, enriching education and research and building B.C.'s reputation at home and abroad. We do this by:

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

Operational efficiency is woven into all our goals and strategies. Through our digitization work, online presence and travelling programs and exhibitions, we extend our reach to all British Columbians.

Goal 1: Create a Unique Royal BC Museum and Archives.

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

Strategies

In 2017/18, the Museum employed the following strategies to achieve Goal 1:

- In collaboration with stakeholders, continue to provide world-class visitor experiences by promoting feature and travelling exhibitions and museum sector partnerships, including:
 - Promoting the 2017 feature exhibitions *Terry Fox: Running to the Heart of Canada*; *Family: Bonds and Belonging*; and *Wildlife Photographer of the Year*.
 - As part of the Canada 150 celebrations, leading the design and building of a national [touring exhibition of fossils](#) for the Canadian Association of Natural History Museums.
 - Supporting the “Sharing our History” component of the *British Columbia | Canada 150: Celebrating B.C. Communities and their Contributions to Canada* granting program that is managed by the BC Museums Association. This will be achieved by developing collaborations with museums and archives in British Columbia.
- Continue to provide engaging on-site programs and events for all ages.
- Work closely with First Nations to advance cultural repatriation by supporting Indigenous peoples seeking the return of ancestral remains and objects of cultural significance to their communities:
 - Deliver the First Nations and Repatriation project; and
 - [Share learnings](#) from the March 2017 Symposium on Indigenous Perspectives on Repatriation.
- Continue to address the Truth and Reconciliation Commission recommendations related to museums and archives in future programming and planning.
- Provide continued curatorial, scientific and archival expertise in support of other heritage, scientific and cultural institutions.
- Act as a resource for research and the sharing of knowledge about British Columbia, including loans of objects and specimens.

These strategies support our legislated mandate to serve as an educational institution and government's commitment to deliver quality public education—one of the services that B.C. citizens count on.

Performance Measure 1: Visitor volume on site.

Performance Measure	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Number of visitors to main site, in millions (M)	0.79 M	0.77 M	0.67 M	0.71 M	0.73 M ¹	0.70 M ¹

Data Source: Royal BC Museum Finance & Procurement reporting systems. Ticketed visitors to the museum and IMAX are counted automatically by entrance systems. Data is tightly controlled and reliable. Non-ticketed visitor numbers are recorded manually via registration for events/courses and by head counts at events. (Non-ticketed visitors accounted for 10.5 per cent of the overall total in 2017/18.)

¹ Targets updated to reflect 2018/19-2020/21 Service Plan.

Discussion

- Visitor volume is a key indicator of effective museum and archives services. Figures include:
 - Paid attendance: tickets sold (including family and individual membership);
 - Complimentary attendance;
 - School groups, visits to the collections and archives, tours, courses, lectures and people attending private events in gallery-rented space;
 - Visits to events including events hosted by third parties; and
 - IMAX visits (in 2017/18 these accounted for about 310,000 visitors, to whom the Museum provided services and amenities; combined Museum/IMAX tickets are counted as a single visit to the museum).
- Initiatives such as Community Days (previously known as “Admission by Donation Week”) and providing family memberships to the Greater Victoria Public Library make the museum more accessible to low-income British Columbians. In February 2018, the Province subsidized the cost of waiving admission fees for the public for Family Day, which lowered the financial barrier to access.
- The 2017/18 Actual number of on-site visitors was slightly higher than the 2017/18 Target; this can be attributed to the successes of the three feature exhibitions, higher attendance after the exhibitions closed than forecasted and the approximately 8,000 visitors who attended on Family Day, when admission fees were waived.

Performance Measure 2: Visitor satisfaction.

Performance Measure	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Per cent of visitors surveyed satisfied with services	93%	95%	95%	95%	93%	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 visitors to the physical site, and is reliable with 95% confidence, 19 times out of 20.

Discussion

- This Performance Measure reflects the Museum’s ability to provide an inviting and engaging environment. We conduct periodic evaluations to determine visitor composition, needs, interests and satisfaction. A comprehensive visitor service strategy, in partnership with all of the visitor-facing service providers on site, is in place.
- The target for 2018/19 (93 per cent) is lower than preceding and following dates in consideration of renovation activities. Other future targets remain constant at 95 per cent because renovations are expected to be complete at this stage and visitor satisfaction will rise again to typical levels.

Performance Measure 3: Attendance at learning programs and events.

Performance Measures	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Number of people at our learning programs/events ¹	147,808	144,831	163,000	147,713	171,250	171,500
The figure above includes:						
Learning program and event participants on site ²	-	-	26,000	34,442	27,000	27,000
Outreach outside the Capital Region ³	-	-	5,000	9,936	5,250	5,500
Animation participants ⁴	-	-	132,000	103,335	139,000	139,000

Data Source: Various – see below.

¹ Note that since 2017/18, the overall number of people at learning programs/events has been broken out to increase transparency. The figure in row one represents the total of the three following measures.

² Data Source: 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. The data is considered reliable.

³ Data Source: Data is supplied by third-party providers and is considered reliable.

⁴ Data Source: Data is compiled from the Royal BC Museum 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 is considered reliable.

Discussion

- NB: these numbers are already included in the overall visitor count.
- This measurement shows the extent to which visitors engaged in a unique Royal BC Museum experience. Learning programs and events support the Museum's legislated mandate to educate people about B.C.'s natural and human history. They also support government's direction to continue implementing the comprehensive learning strategy.
- Attendance at learning events is a meaningful measure of progress toward the goal of being a unique museum and archives, as it deepens the visitor experience.
- The 2017/18 Actual number of people at learning programs/events was slightly lower than the 2017/18 Target; this can be attributed to low numbers at gallery "animation" (volunteer-led, non-ticketed activities), due in part to the summertime *Family: Bonds and Belonging* exhibition drawing fewer visitor interactions than anticipated. On the other hand, on-site learning programs, featuring an increased number of offerings, drew more visitors than targeted. Outreach outside the Capital Region also surpassed the Target, due to increased engagement with schools, particularly through the *Digital Field Trips* and *Outreach Kit* programs and well-attended school events in the Peace region.

Goal 2: Strengthen our digital infrastructure and reputation.

Our online presence is the digital face of the museum and archives, supporting the Museum's reputation and by extension, that of British Columbia. Digitization of our collection helps preserve fragile/at risk records and makes the museum and archives more accessible to all British Columbians.

Our ongoing program of activities to enhance our digital realm includes expanding engagement, increasing preservation and access, revitalizing learning, producing revenue and creating partnerships.

Our digitization work supports our legislated mandate to serve as an educational institution and supports government's commitment to deliver quality public education, one of the services that B.C. citizens count on; additionally, the work supports government's commitment to make life more affordable, as digitized content is readily accessible to B.C. citizens anywhere in the province and, for residents beyond Southern Vancouver Island, does not require travel to Victoria.

Strategies

In 2017/18, the Museum employed the following strategies to achieve Goal 2:

- Support increased engagement by incorporating digital connections into exhibition content.
- Continue to support preservation and access.
 - Continue increasing the amount of collections and archives materials that have been digitized.
 - Expand the [Research Portal](#), sharing museum and archives research initiatives.
 - Continue to enlarge the [BC Archives' collection search](#) (also known as Access to Memory, or AtoM), complete development of [Integrated Museum Management](#) (IMM, the museum collection search) and explore alternatives for the current digital asset management system.
- Increase engagement by supporting Learning goals through digital initiatives.
 - Continue the ongoing development of the [Learning Portal](#).
 - Build on the [Digital Field Trips](#) school program for teachers and students across the province, offering sessions with museum staff that Skyped directly to classrooms.
 - Establish annual teachers' professional development workshops focused on digital learning opportunities, offering online access both live and recorded.
- Continue to increase digital revenue by offering new products.
- Continue to create partnerships to fill gaps in internal digital knowledge and to tap into innovation taking place outside the museum and archives walls.

Performance Measure 4: Visitor volume online.

Performance Measures	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Total visitors to website, in millions (M) (does not include Learning Portal)	5.1 M page views 1.1 M sessions	7.3 M page views 1.6 M sessions	5.3 M page views 1.5 M sessions	8.5 M page views 1.7 M sessions	5.4 M page views 1.7 M sessions	5.5 M page views 1.7 M sessions
Total visitors to Learning Portal, in thousands (K)	108.7 K page views 15.3 K sessions	78.5 K page views 16 K sessions	117.6 K page views 16.5 K sessions	86.5 K page views 20 K sessions	122.3 K page views 17.2 K sessions	122.3 K page views 17.2 K sessions

Data Source: The Royal BC Museum collects web statistics through Google Analytics and Google Tag Manager, which allow for detailed quantitative and qualitative tracking of user behaviour, demographics and traffic volume across all web assets. Analysis of data from these systems allows the Museum to better understand the behaviours, needs and patterns of website visitors. The findings inform design and development decisions on all online projects, helping the Museum better meet the goals of expanding engagement, increasing access and revitalizing learning. Data is tightly controlled and reliable. The data source also includes web assets accessed through the main site: Collections Databases, Curious Online Magazine, Transcribe, 100 Objects of Interest, Staff Profiles, Ticket Sales and Gift Shop.

Discussion

- Online visitor volume is a clear measure of the strength of our digital infrastructure and reputation. Our websites include the interactive [Learning Portal](#), and access to online experts, exhibitions, publications, shopping and ticket sales. As the gateway to the archives and Museum's collections and genealogy data, our website is the primary link to our digital records.
- The 2017/18 Actual for the number of visitors to the website (excluding the [Learning Portal](#)) outstripped the 2017/18 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 the Collections Search (IMM) grew significantly—to genealogy in particular, which experienced a growth of 29.6 per cent. Targets will be adjusted accordingly in future Service Plans.
- Although page views to the Learning Portal are lower than targeted, the number of sessions, a better indication of user uptake and value, is up by 24 per cent. Between 2015/16 and 2017/18, Learning staff added significant programming with the new playlists feature. Visitors are subsequently having longer sessions and greater interaction with content, rather than broad exposure.

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

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

To fulfill this duty, 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 the [BC Archives' collection search](#). Growing access to digitized materials from our natural and human history collections is provided by online exhibits, the [Learning Portal](#) and [Digital Field Trips](#).

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

Strategies

In 2017/18, the Museum employed the following strategies to achieve Goal 3:

- Increase the Royal BC Museum and Archives' presence across the province with regional outreach, to make the museum and archives more available to all British Columbians:
 - Develop travelling exhibits and/or programs for regions outside the lower mainland.
 - Provide continued support to other heritage, scientific and cultural institutions with curatorial, scientific and archival expertise.

- Act as a resource for research and the sharing of knowledge about British Columbia, including loans of objects and specimens.
- Make our First Nations and totem collections available online.
- Continue to increase the number and range of [online exhibitions](#).
- Continue 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.
- Continue to process and make publicly accessible government records transferred to the Royal BC Museum.
- Continue to introduce incremental preservation and conservation steps as budgets allow.
- Develop and publish the Royal BC Museum and Archives' Collection Strategy.
- Review and update the principles and guidelines of the [Conservation Policy](#) of June 2012.
- Continue to offer access to low-income British Columbians through events such as Community Days and the Greater Victoria Public Library pass program.

These efforts supported our legislated mandate to care for the province's collections and make them accessible.

Performance Measure 5: Protection of Royal BC Museum and Archives' collections.

Performance Measures ¹	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Collection Risk Management Index (CRMI) ² score	80%	80%	80%	80%	80%	80%
Number of objects attached to AtoM ³ in thousands (K)	-	6 K	30 K	22 K	35 K	40 K
Number of boxes of government records processed ⁴ , in thousands (K)	-	3 K ⁵	3 K	3 K	3 K	3 K
Number of records added to IMM, in thousands (K)	-	374 K	400 K ⁶	386 K	20 K	25 K

Data Source: Royal BC Museum.

¹ This measure was amended in the 2017/18 – 2019/20 Service Plan to provide a more detailed picture of the Royal BC Museum and Archives' efforts to protect its collections.

² The CRMI score refers to the number of outstanding risks as a percentage of those originally identified in the Royal BC Museum and Archives' 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.

³ "Objects" are photographs, digital files and PDFs of textual records, and "AtoM" refers to Access to Memory, the BC Archives collection search website.

⁴ "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.

⁵ 3,000 boxes have been identified as a target to be processed on an annual basis within the Service Level Agreement.

⁶ The 2017/18 Target figure reflects the total number of records already converted since 2016/17, when we implemented the program, focusing on the largest number of records. After this, targets reflect new data to be added to the program.

Discussion

- A third Collections Risk Assessment was completed in 2015; previous assessments occurred in five year intervals, in 2010 and 2005. The assessment follows the Canadian Museum of Nature's Cultural Property Risk Analysis Model methodology, the international standard. While the Museum maintains a rating of 80 per cent risk mitigation, an improved score will not be attained until major earthquake, flooding, collections storage and preservation risks are addressed to provide environmental conditions that meet international standards.
- The 2017/18 Actual number of objects attached to AtoM was lower than the 2017/18 Target for two reasons: 1) a six-month-long technical problem with an overhead book scanner; and 2) making corrections to 1,334 online descriptions; these edits significantly helped improve search ability and access.
- Three of the strategies listed above are still in progress. The [First Nations collections](#) are now online, but the Digital Totem Gallery, a multi-year project, has a new projected completion date of January 2019. The development of the Royal BC Museum's Collection Strategy is still underway, as is the process of updating the principles and guidelines of the Conservation Policy.

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

The Royal BC Museum and Archives promotes sustainable public policies and programs that will provide a legacy for future generations. We work to increase operational funding by diversifying and increasing our streams of self-generated revenue. We also continue our efforts to support conservation of our collections and improve the visitor experience, as well as identify additional avenues for generating revenue.

Strategies

In 2017/18, the Museum employed the following strategies to achieve Goal 4:

- Strengthen and diversify the Museum's funding base:
 - Develop an array of business strategies for key commercial opportunities.
 - Continue to enhance community spaces to generate revenue through the festivals and events like the [Food Truck Festival](#).
 - Pursue new sources of research funding.
 - Increase philanthropic investment, including income from donations and grants.
- Build community support:
 - Increase and enhance the volunteer program, and earned and in-kind media coverage.
 - Continue to raise awareness of the value of our collections, in particular the art and writing of Emily Carr and First Nations artifacts, languages and cultures.
 - Strengthen and grow relationships in communities throughout British Columbia; for example, through travelling exhibitions and by providing expertise to the BC Museums Association.
- Continue implementing our human resource strategy linking performance management with training and development, and aligning staff skills with organizational priorities and succession planning.

Performance Measure 6: Revenue from operations.

Performance Measure	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Revenue from operations, in millions (M) ¹	\$8.1 M	\$10.0 M	\$8.8 M	\$8.8 M	10.5 M ²	\$8.8 M ^{2/3}

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

¹ For the purposes of this measure, revenue earned from operations includes admission revenues, and revenues from all other sources except the Province of B.C. operating contributions.

² Targets updated to reflect 2018/19-2020/21 Service Plan.

³ The revenues decline in 2019/20 to reflect the completion of the provincial commitment to provide \$2.0 million over three years for the repatriation of First Nations cultural objects and ancestral remains.

Discussion

- The Museum has been working to build other revenue streams from operations. These efforts are reflected under “Other income” in the Financial Resource Summary Table. Other income includes revenue from donations, sponsorships, programs, leases, services and sales among other items.
- In addition to the Food Truck Festival, the Royal BC Museum has enhanced community spaces to generate revenue through venue rentals and special events like the [Night Shift](#) series.

Performance Measure 7: Community support.

Performance Measures	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Number of volunteer hours in thousands (K)	45.9 K	46.8 K	46.2 K	46.3 K	46.2 K	46.2 K
Value of media, both in-kind and earned, in millions (M) ¹	in-kind: \$0.82 M earned: \$0.68 M	in-kind: \$0.78 M earned: \$0.85 M	in-kind: \$0.45 M earned: \$1.0 M	in-kind: \$0.84 M earned: \$5.6M	in-kind: \$0.55 M earned: \$2.0 ² M	in-kind: \$0.55 M earned: \$2.0 ² M
Donations (cash & in-kind) and grants, in millions (M)	\$0.91 M	\$0.88 M	\$0.85 M	\$1.2 M	\$0.9 M	\$0.9 M

Data Source: Royal BC Museum Human Resources & Volunteer Services records; Royal BC Museum Marketing, Communications and Development records; Royal BC Museum financial reporting systems.

¹ Earned media value is based on the amount it would cost to purchase the equivalent space/time for the published article (no multipliers included). In-kind media refers to the value of all additional advertisements or advertorials provided by media at no cost. Targets for earned media have increased from previous years due to the high success rate and strong efforts of staff to gain media coverage for the museum. The calculation process for earned media was reviewed and updated to align with current communications industry best-practices. Starting in 2017/18 we began incorporating additional measurements provided by a third party media monitoring company.

² Targets updated to reflect 2018/19-2020/21 Service Plan.

Discussion

- The Royal BC Museum surpassed its 2017/18 Target for earned media value by generating strong media interest in the [Terry Fox](#) exhibition (April 2017), Lennon Rolls-Royce (July 2017), the Ida Halpern Fonds (January 2018) and the Canadian Commission for UNESCO announcement (March 2018).
- 2017/18 in-kind media results were high because the Royal BC Museum was able to leverage strong support in and interest about the [Terry Fox](#) exhibition within the marketing industry.
- Most grants and donations of cash/securities for the museum are made to the Royal BC Museum Foundation, and are contributed to the museum as revenue toward the cost of a particular purpose, a current or future exhibition or a planned capital project. Donations identified in the performance measure reports may not be directly reflected in revenues for a specific year. Corporate sponsorships recorded in the Museum's financial statements for fiscal 2017/18 were \$134,037, not including in-kind sponsorships.

Goal 5: Develop our international relations and grow our reputation as a museum of substance.

The Royal BC Museum and Archives has a unique role in building mutually beneficial relationships with British Columbia's Indigenous peoples, 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 and 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 in relation to supporting First Nations communities in repatriation efforts.

Strategies

In 2017/18, the Museum employed the following strategies to achieve Goal 5:

- Continue to form international relationships as part of the efforts to support Indigenous peoples seeking the return of ancestral remains and objects of cultural significance.
- Continue to exchange professional staff with other institutions in Canada and worldwide, to learn best practices and to share our world-leading knowledge with others.
- Continue to reach out and collaborate with cultural groups from Asia, and to share historical stories of settlement with all British Columbians; [repatriate a series of Manchukuo books to Nanjing Library](#).
- Continue to establish and maintain relations with our international counterparts.
- Continue to develop and implement our International Strategy; including the development of international partnerships and exhibitions (e.g. deliver the travelling exhibition [First Nations Masterworks to Bogotá, Colombia](#)).
- Partner 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 8: International Attendance.

Performance Measure	2015/16 Actuals	2016/17 Actuals	2017/18 Target	2017/18 Actuals	2018/19 Target	2019/20 Target
Number of people viewing RBCM travelling exhibits abroad, in millions (M)	1.09 M ¹	0.16 M ²	0.45 M	0.089 M	0.45 M ³	0.45 M

Data Source: Royal BC Museum Registrar records.

¹ In 2015/16 *Gold Mountain Dream!* (Guangdong Museum of Chinese Nationals Residing Abroad, China) and *Guangzhou to British Columbia: The Chinese Canadian Experience, 1858 to 1958* (Guangzhou Metro Corporation, China) were exhibited abroad, resulting in a high number of people viewing travelling exhibits.

² The low 2016/17 Actual figure reflects the fact that the travelling exhibition *First Nations Masterworks*, for display at the Museo del Oro in Colombia, was postponed to 2017/18.

³ Future targets are conservative, as plans for other international exhibitions have not yet been finalized.

Discussion

- The number of international visitors viewing Royal BC Museum and Archives designed travelling exhibitions (or smaller loans of artifacts, specimens or archival materials) is a direct measure of people abroad who are exposed to B.C. human history, natural history and culture. This helps build awareness of and respect for the province, and supports government's priority to expand tourism-marketing efforts internationally. In many cases, the measurement also reflects the number of international people made aware of the historical and contemporary centrality of Indigenous peoples to B.C., valuable outreach that supports reconciliation.
- Estimates of visitors to foreign locations are based on visitation information provided by those venues. The 2017/18 Actual number was lower than the 2017/18 Target, with 32,000 people viewing the travelling exhibition *First Nations Masterworks* at the Museo del Oro in Colombia and approximately 57,000 people viewing the Lennon Rolls-Royce at Bonham's in London, U.K. The Royal BC Museum will continue to work with foreign venues to develop more accurate future visitation modelling frameworks.
- In 2017/18 the Royal BC Museum also partnered with seven heritage organizations in the province that were recipients of the B.C. / Canada 150: Celebrating BC Communities and their Contributions to Canada Grant Program, launched by Ministry of Tourism, Arts and Culture. The Royal BC Museum and Archives was able to recover \$17,241 in direct costs and contributed more than \$60,000 in staff time towards the seven projects.

Financial Report

Discussion of Results

Highlights

The Financial Report Summary Table provides a summary of the actual financial results for the 2014/15 to 2017/18 fiscal years. This table also compares the 2017/18 actual results to the 2017/18 budget and 2016/17 actual results.

The Royal BC Museum had a successful fiscal year. Museum admission fees were stronger than budgeted due to both the popularity of the *Terry Fox: Running to the Heart of Canada* and *Family: Bonds and Belonging* exhibitions. The additional revenue earned was offset by increased spending on building repairs and maintenance to refresh and repair the ageing buildings.

Net income for 2017/18 was \$22,002 compared with \$27,857 in 2016/17 and a budget of \$10,018.

Financial Resource Summary Table

\$ thousands	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Budget	2017/18 Actual	2017/18 Variance	2016/17- 2017/18 Variance
						More (less) than budget	More (less) than prior year
Operating Revenue							
Province of BC operating contributions	11,866	11,813	11,866	11,866	11,866	-	-
Museum admission fees	5,148	4,539	5,709	4,205	4,836	631	(873)
Other Income	3,570	3,596	4,291	4,615	4,009	(606)	(282)
Total Revenue	\$ 20,584	\$ 19,948	\$ 21,866	\$ 20,686	\$ 20,711	\$ 25	\$ (1,155)
Operating Expenses							
Salaries and benefits	8,604	9,097	9,493	10,150	9,816	(334)	323
Building costs	2,186	2,296	2,184	2,142	2,555	413	371
Amortization	1,176	918	869	967	895	(72)	26
Security	8,19	855	858	907	871	(36)	13
Grant - in lieu of property taxes	639	672	650	650	708	58	58
Special exhibitions	1,576	1,595	2,124	983	927	(56)	(1,197)
Other operating costs	5,536	4,485	5,660	4,877	4,917	40	(743)
Total Expenses	\$ 20,536	\$ 19,918	\$ 21,838	\$ 20,676	\$ 20,689	\$ 13	\$ (1,149)
Net Income from Operations	\$ 48	\$ 30	\$ 28	\$ 10	\$ 22	\$ 12	\$ (6)
Total Capital Expenditures	\$ 1,583	\$ 296	\$ 550	\$ 605	\$ 1,096	\$ 491	\$ 546
Total Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Accumulated Surplus	\$ 12,949	\$ 12,979	\$ 13,007	\$ 13,017	\$ 13,029	\$ 12	\$ 22

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Variance and Trend Analysis

Revenues

Total revenues for the year were \$20.7 million, a decrease of \$1.2 million from 2016/17, primarily due to reduced admission fees as well as reduced grant revenue. Total revenues were ahead of budget by \$24,419.

Provincial Contributions

Provincial operating contributions remained constant at \$11.9 million.

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 decreased by \$0.873 million from 2016/17 due to the tremendous success of the *Mammoths* exhibition in 2016/17. However, admission fees of \$4.8 million were \$0.631 million ahead of budget due to greater than anticipated popularity of both the *Terry Fox: Running to the Heart of Canada* and *Family: Bonds and Belonging* exhibitions during the current year.

Other Income

Other income includes grants and sponsorships, property leases, programs, services and miscellaneous income, amortization of deferred capital contributions as well as donated collections and artifacts. Other income decreased by \$0.282 million from 2016/17 and was \$0.606 million under budget. Grant revenue was lower than 2016/17, and lower than budget due to reduced funding for projects partially caused by a delay in project spending. Grant revenue received that relates to future project work is set up as deferred revenue.

Expenses

Total operating expenses for the year were \$20.7 million; a decrease of \$1.2 million from 2016/17 primarily due to reduced costs associated with the special exhibitions as well as reduced other operating costs. Total expenses were \$12,435 over budget.

Salaries and Benefits

Salaries and benefits increased by \$0.323 million from 2016/17 but were \$0.334 million under budget. Salaries and benefits increased over the prior year due to additional staffing hired for the First Nations Repatriation Project as well as salary increases. Salaries and benefits were under budget primarily due to salary lag as well as a delay hiring the Repatriation Specialist for the First Nations Repatriation Project.

Building Costs

Building costs increased by \$0.371 million from 2016/17 and were \$0.413 million over budget due to repair and maintenance spending to refresh and repair the ageing buildings.

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 decreased by \$1.197 million from 2016/17 due to higher than usual expenses incurred in the prior year with both the development and expensing of the *Gold Rush! El Dorado in BC* exhibition

and initial spending on the *Family: Bonds & Belonging* exhibition. During 2017/18, limited costs were expensed regarding the 2018/19 exhibition *Egypt: The Time of Pharaohs*.

Other Operating Costs

The remaining 36 per cent 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 \$0.895 million (\$0.869 million in 2016/17);
- Security expenses were relatively constant at \$0.871 million (\$0.858 million in 2016/17);
- Grant in lieu of property taxes increased to \$0.70 million (\$0.65 million in 2016/17); and
- Other operating costs were \$4.917 million (\$5.660 million in 2016/17). 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 value of items donated to the collections. These costs decreased by \$0.743 million from the prior year primarily due to a reduction of \$0.800 million in the donation to the Royal BC Museum Foundation.

Capital Expenditures

A total investment of \$1.1 million was made in 2017/18 for capital asset additions, an increase of \$0.546 million from 2016/17 and \$0.491 million over budget. The difference is primarily due to commencing escalator replacements in 2017/18, which was not recorded in the 2017/18 corporate capital budget and 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 in the public and private sectors. 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, 2018**

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

MANAGEMENT'S REPORT

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

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

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

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



Jack Lohman CBE
Chief Executive Officer

Victoria, BC
May 10, 2018



Melissa Sands CPA, CA
Chief Financial Officer and VP Corporate
Finance



Independent Auditors' Report

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

We have audited the accompanying financial statements of the Royal British Columbia Museum Corporation, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Audit • Tax • Advisory
Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Royal British Columbia Museum Corporation as at March 31, 2018, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of matter

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

Victoria, Canada
May 10, 2018

Grant Thornton LLP

Chartered Professional Accountants

Audited Financial Statements

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

	2018	2017
Financial Assets		
Cash and cash equivalents (Note 2(b))	\$ 3,628,456	\$ 4,409,659
Accounts receivable	1,250,046	586,531
	4,878,502	4,996,190
Financial Liabilities		
Accounts payable and accrued liabilities	4,026,030	4,085,063
Leave liability (Note 2(i))	386,209	388,589
Deferred revenue (Note 7)	2,376,798	1,361,744
Deferred capital contributions (Note 8)	8,518,278	9,115,562
	15,307,315	14,950,958
Net Financial Debt	(10,428,813)	(9,954,768)
Non-Financial Assets		
Tangible capital assets (Note 10)	23,042,003	22,840,646
Prepaid expenses	415,903	121,213
	23,457,906	22,961,859
Accumulated Surplus	\$ 13,029,093	\$ 13,007,091

Commitments (Note 13)

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

ON BEHALF OF THE BOARD


Director


Director

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

	2018 Budget (Note 4)	2018	2017
Revenues			
Provincial operating contributions	\$ 11,866,000	\$11,866,000	\$ 11,866,000
Museum admission fees and memberships	4,205,246	4,836,042	5,708,590
Grants and sponsorships	2,413,000	1,549,487	1,860,282
Property leases	846,002	832,657	923,716
Programs, services and miscellaneous	726,131	679,215	667,030
Amortization of deferred capital contributions (Note 8)	630,000	597,284	624,404
Donated collections and artifacts (Note 2(g))	-	350,113	215,682
	20,686,379	20,710,798	21,865,704
Expenses			
Salaries and benefits	10,149,962	9,816,244	9,492,643
Building costs	2,124,036	2,555,426	2,184,306
Amortization	967,005	894,722	869,412
Security	907,391	870,980	857,612
Grant in lieu of property taxes	650,000	707,710	650,489
Special exhibitions (Note 9)	983,016	926,951	2,124,300
Systems and telecommunications	872,804	931,342	827,151
Professional services	818,933	572,658	521,767
Materials and supplies	516,373	484,379	406,847
Offsite Storage	725,000	697,541	697,056
Marketing and communications	337,786	392,956	371,836
Office and business	636,645	669,303	592,660
Insurance	240,000	200,806	195,102
Travel	362,411	269,342	297,622
Bank charges	120,000	101,830	126,317
Collections and artifacts	-	350,113	215,682
Donations (Note 15)	-	200,000	1,000,000
Other	247,000	46,493	407,045
	20,676,361	20,688,796	21,837,847
Annual Surplus	10,018	22,002	27,857
Accumulated Surplus, beginning of year	13,007,091	13,007,091	12,979,234
Accumulated Surplus, end of year	\$ 13,017,109	\$13,029,093	\$ 13,007,091

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

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

	2018 Budget (Note 4)	2018	2017
Annual Surplus	\$ 10,018	\$ 22,002	\$ 27,857
Acquisition of tangible capital assets	(605,000)	(1,096,079)	(550,236)
Amortization of tangible capital assets	967,005	894,722	1,290,589
	372,023	(179,355)	768,210
Acquisition of prepaid expense	-	(971,415)	(622,206)
Use of prepaid expense	-	676,725	1,015,112
	-	(294,690)	392,906
Change in net debt	372,023	(474,045)	1,161,116
Net debt, beginning of year	(9,954,768)	(9,954,768)	(11,115,884)
Net debt, end of year	\$ (9,582,745)	\$ (10,428,813)	\$ (9,954,768)

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

	2018	2017
OPERATING ACTIVITIES		
Annual Surplus	\$ 22,002	\$ 27,857
Items not affecting cash:		
Amortization	894,722	1,290,589
Deferred capital contributions	(597,284)	(624,404)
Changes in non-cash capital:		
Accounts receivable	(663,515)	62,088
Prepaid expenses	(294,690)	392,906
Accounts payable and accrued liabilities	(59,033)	1,522,160
Leave liability	(2,380)	24,032
Deferred revenue	1,015,054	(761,464)
Cash from operating activities	314,876	1,933,764
INVESTING ACTIVITIES		
Cash used to purchase tangible capital assets	(1,096,079)	(550,236)
Cash from (used for) investing activities	(1,096,079)	(550,236)
Increase (decrease) in cash and cash equivalents	(781,203)	1,383,528
Cash and cash equivalents, beginning of year	4,409,659	3,026,131
Cash and cash equivalents, end of year	\$ 3,628,456	\$ 4,409,659

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, 2018**

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of presentation

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

(b) Cash and cash equivalents

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

(c) Financial instruments

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

(d) Revenue recognition

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

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

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

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

Summary of significant accounting policies continued

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

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

(e) Tangible capital assets

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

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

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. At March 31, 2018 the value of capital assets not placed into use was:

• Buildings and improvements	\$646,879
• Permanent exhibitions	\$86,959
• Computer hardware and software	<u>\$67,632</u>
Total capital assets not placed into use	<u>\$801,470</u>

(f) Deferred contributions

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

(g) Collections

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

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

Summary of significant accounting policies continued

(h) Volunteers

During the year, volunteers contributed approximately 46,000 hours (2017: 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.

(i) Employee benefit plans

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

The Corporation annually contributes through the Provincial Government payroll benefit plan for specific termination benefits and employee benefits as provided for under collective agreements and conditions of employment. The benefit charge back rate that the Corporation pays through the Provincial Government is currently 24.3% (2017: 24.3%). Costs of future benefits are recognized as an expense in the year that contributions are paid.

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

(j) Use of estimates

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

3. Statement of Remeasurement

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

4. Budget

Budgeted figures provided in these statements were approved by the Royal BC Museum Corporation Board of Directors on June 1, 2017.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

5. Emphasis of Matter

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

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

	2018		2017
	Increase/ (Decrease)		Increase/ (Decrease)
Statement of Financial Position			
Deferred capital contributions	\$ (8,518,278)	\$	(9,115,562)
Deferred Revenue	(600,000)		-
Accumulated Surplus	9,118,278		9,115,562
Statement of Operations			
Grants and sponsorships	600,000		-
Amortization of deferred capital contributions	(597,284)		(624,404)
Annual Surplus	\$ 1,197,284	\$	624,404

6. Financial risk management

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

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

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

Credit Risk: Receivable balances consist primarily of trade receivables. At the financial statement date, 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.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

7. Deferred revenue

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

	2018	2017
Operating projects (restricted)	\$ 1,752,199	\$ 884,519
Other	624,599	477,225
Total	\$ 2,376,798	\$ 1,361,744

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, 2017	Additions/ transfers	Amortized to revenue	Balance at March 31, 2018
Provincial government	\$ 4,728,643	\$ -	\$ 141,372	\$ 4,587,271
Federal government	2,871,788	-	157,964	2,713,824
Other	1,515,131	-	297,948	1,217,183
Total	\$ 9,115,562	\$ -	\$ 597,284	\$ 8,518,278

9. Special exhibitions

The Corporation hosts temporary exhibitions to provide a window on the world and 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 2018, exhibition costs were incurred for: *Family: Bonds and Belongings*; *Wildlife Photographer of the Year*; and *Egypt: The Time of Pharaohs*.

	2018	2017
Salaries and benefits	\$ 124,031	\$ 176,737
Professional service contracts	52,592	68,553
Amortization	0	421,177
Marketing and communications	321,288	288,731
Materials and supplies	254,541	925,169
Other	174,499	243,933
Total	\$ 926,951	\$ 2,124,300

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

10. Tangible capital assets

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	\$	(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		520,958	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	\$	(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		8,987,029			9,091,015
Total	\$	22,840,646		\$	23,042,003

11. Collections

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 2018 fiscal year, the Corporation de-accessioned 2 batches (2017: 16) and accessioned 159 batches (2017: 188) 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, 2018**

12. The Royal British Columbia Museum Foundation

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

The Foundation has internally restricted funds of approximately \$5,426,000 (2017 - \$4,759,000), 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:

	2018	2017
Funding for non-capital projects	\$ 134,991	\$ 48,988
Funding for capital projects	250,000	-
Purchase of goods and services	56,358	45,791
Total	\$ 441,349	\$ 94,779

As at March 31, 2018, \$0 is due from the Foundation to the Corporation and is included in the accounts receivable (2017: \$63,956).

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

	2018	2017
Donations	\$ 200,000	\$ 1,000,000
Purchase of goods and services	3,660	3,313
Total	\$ 203,660	\$ 1,003,313

As at March 31, 2018, \$0 is due from the Corporation to the Foundation (2017: \$1,124)

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

13. Commitments

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, 2018**

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 (2019 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:

2019	\$	46,900
2020		46,900
Total	\$	93,800

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:

2019	\$	286,800
2020		286,800
2021		286,800
2022		286,800
2023		167,300
Total	\$	1,314,500

Security Contract

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

2019	\$	838,513
Total	\$	838,513

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.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

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:

2019	\$	407,000
Total	\$	407,000

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:

2019	\$	241,212
2020		241,212
2021		78,990
2022		53,535
Total	\$	614,949

The Corporation is also obligated to cover a proportion of property taxes for the lease expiring in 2020. These costs amounted to \$42,624 in fiscal year 2018.

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

14. 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.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

	2018	2017
Revenue:		
Provincial operating contributions	\$ (11,866,000)	(11,866,000)
Programs, services and miscellaneous	(2,608)	(12,952)
Grants and sponsorships	(395,942)	(356,285)
Expenses:		
Offsite storage	397,239	392,425
Professional services contracts	41,303	67,697
Building costs	674,830	657,086
Insurance	22,500	22,500
Special exhibitions	0	20,520
Systems and telecommunications	157,006	166,860
Marketing and communications	85	85
Materials and supplies	2,201	6,280
Office and business	48,296	46,008
Bank charges	58,568	86,818
Assets (liabilities) at March 31		
Accounts receivables	863,443	301,338
Accounts payable and accrued liabilities	(1,428,457)	(2,834,504)
Deferred revenue	(725,820)	(14,200)

15. Donations

A contribution of \$200,000 (2017: \$1,000,000) was made to the Royal British Columbia Museum Foundation (the "Foundation") to assist in funding future museum and archives projects at the Corporation. The contribution is part of a long-standing economic partnership with the Foundation to assist and support provincial museum initiatives and projects through attracting federal and other foundation monies.

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 the Board Resourcing and Development Office's board governance disclosure requirements as listed in Section 3 of the Best Practice Guidelines Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations.

Board of Directors (as of June 12, 2018)

Susan Knott, Chair; Raymond Protti, Vice Chair; David B. Adams; E. Michael O'Brien; Anuja S. Varshney; Peeter Wesik; Angela Wesley.

Board Committees

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

Senior Management

Professor Jack Lohman, CBE, Chief Executive Officer; Angela Williams, Deputy CEO and Vice President, Collections Research and International Programs; Karen Fudge-Jensen, Acting Vice President of Archives, Museum Operations and Provincial Partnerships; Melissa Sands, CPA, CA, Chief Financial Officer and Vice President of Corporate Finance.

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

Organizational Overview

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

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

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

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