

Royal BC Museum

2019/20
Annual Service Plan Report



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Board Chair's Accountability Statement



The *Royal BC Museum 2019/20 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2019/20 – 2021/22 Service Plan* created in February 2019. I am accountable for those results as reported.

A handwritten signature in blue ink that reads "Daniel Muzyka". The signature is fluid and cursive.

Dr. Daniel Muzyka
Board Chair

July 20, 2020

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Letter from the Board Chair & CEO

The Royal BC Museum (Museum) advances knowledge about British Columbia through its collections, exhibitions, presentations, expertise and partnerships. In 2019/20, the Royal BC Museum also focused efforts on the strategic priority actions contained in the [2019/20 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 2019/20, up until the closure of the Museum to the public on March 17th due to the COVID-19 pandemic, 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 2019/20. 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.

Over the past year, the Museum has continued working with the Province of BC to develop options in support of the [Museum Modernization](#) initiative.

The Museum continued to refine its approach to the orientation and professional development in 2019/20, 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.

Dr. Daniel Muzyka

Professor Jack Lohman CBE



Board Chair, Royal BC Museum

July 20, 2020

CEO, Royal BC Museum

July 20, 2020

Purpose of the Annual Service Plan Report

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

Purpose of the Organization

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

In 2019, the Royal BC Museum celebrated 133 years as preserver and interpreter of the history of British Columbia and its peoples. The Museum also has a role in generating tourism-related jobs and presenting B.C. culture and history abroad.

Strategic Direction

The strategic direction set by Government in 2019/20 and expanded upon in the Board Chair’s [Mandate Letter](#) from the Minister Responsible in 2019 shaped the 2019/20 Royal BC Museum [Service Plan](#) and results reported in this annual report.

The Royal BC Museum is aligned with the Government’s key priorities:

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

Operating Environment

Approximately 50 per cent of the Royal BC Museum's operational budget is funded by admissions revenue, philanthropic contributions, rentals and other service revenue streams. Uncertainty about visitor numbers and their discretionary spending makes annual financial planning challenging. For this reason, the Museum continues to seek ways to diversify and increase revenue sources, including hosting exhibitions that appeal to a wide audience. Generally, exhibitions take several years to develop or procure, making it challenging to plan for sudden changes in the global economy or tourism market.

In 2019/20, the COVID-19 pandemic was a factor in the Royal BC Museum's operating environment. The tourism industry is a key driver of economic success across B.C. In 2019/20, the Museum was unable to meet revenue projections, a result of softening tourism numbers experienced across B.C. in 2019 and the sudden and unavoidable premature closure of the Museum and feature exhibition [*Wildlife Photographer of the Year 2020*](#) in March 2020, due to the global pandemic.

The longer-range economic repercussions of the pandemic, and actions to mitigate the spread of COVID-19, will likely be manifested in fiscal year 2020/21.

Ongoing 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. This includes assigning funds to maintenance expenditures of approximately \$2.785 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 addition, due to the unique nature of the operation and complexity of the precinct, the Royal BC Museum is subject to significant financial pressures from the effects of increasing costs of human resources, utilities, and property taxes and services

¹ This figure includes Buildings Expenditures of \$2.392M and Capital Spending (on building projects) of \$0.393M.

Report on Performance: Goals, Objectives, Measures and Targets

Goal 1: Contribute to creating a strong sustainable economy by increasing the Royal British Columbia Museum’s financial stability.

This goal is about building income and securing long-term financial viability and flexibility for future investments in site development. Improving financial performance will allow for improvements to the museum’s programming and infrastructure, thereby attracting more visitors to British Columbia and the museum and archives.

Objective 1.1: Generate revenue from operations to continue providing the level of service, access to collections and quality of feature exhibitions that British Columbians expect.

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

Key Highlights

- Continued to host feature exhibitions (developed in-house and loaned) that drew local and international audiences.
- Continued to generate revenue through the [reproductions and licensing program](#).
- Continued to enhance community spaces, generating revenue through [venue rentals](#), special events like the [Night Shift](#) series.
- Pursued new sources of research funding.
- Expanded work to increase philanthropic investment through outreach by the Advancement department.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.1a Revenue from operations, in millions (M) ¹	\$12.3 M	\$9.6 M	\$12.0 M	\$9.5 M	\$9.4 M

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

¹Targets for 2020/21 and 2021/22 have been revised since publication of the 2019/20-2021/22 Service Plan. See the [2020/21 – 2022/23 Service Plan](#) for the most recent targets for these years.

Discussion of Results

Revenue from operations includes all funding and revenues other than the provincial operating grant. The Royal BC Museum exceeded its 2019/20 Target, primarily due to grant revenue received for funded project work that was not anticipated when creating the targets. Revenue from admissions was lower than anticipated as ticket sales for the 2019 feature exhibition [Maya: The Great Jaguar Rises](#) did not meet projections; this can be attributed to a softening in tourism experienced across B.C. in 2019. Another cause for this variance was the sudden and unavoidable closure on March 17, 2020, due to the COVID-19 pandemic, of the Royal BC Museum and the early closure of the other feature exhibition in this fiscal year, [Wildlife Photographer of the Year 2020](#). The closure occurred two days into the provincial school

system’s spring break, which is typically a busy revenue-generating period at the Royal BC Museum, as parents visit with their children and day camps are fully subscribed. The loss in ticket revenue was partially offset by higher than expected revenues through venue rentals, café royalties and licensing.

Objective 1.2: Develop and grow strategic connections to leverage community support.

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

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

Key Highlights

- Developed and hosted initiatives like the [Indigenous Summer Arts Studio](#) that highlight Indigenous cultural traditions and promote economic development.
- Aggressively pursued opportunities to generate earned and in-kind media coverage.
- Raised awareness of the historical, biological and cultural value of fieldwork in remote areas of B.C.—fieldwork that in 2019 resulted in findings like the identification of [new dragonfly species](#) and [new dinosaur discoveries](#).
- Strengthened and grew relationships in communities throughout British Columbia through travelling exhibitions like [Our Living Languages](#) and [Gold Mountain Dream!](#), and by providing expertise to the BC Museums Association, the Archives Association of British Columbia and other related organizations.
- Supported government objectives (e.g. the Royal BC Museum is the official repository for material arising from the Fossil Management Framework, an initiative led by the Ministry of Forests, Lands, Natural Resource Operations & Rural Development).

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.2a Number of volunteer hours in thousands (K)	46.2	46.2	46.2	46.2	46.2
1.2b Value of media, both in-kind ¹ and earned, in millions (M)	in-kind: \$0.70 earned: \$6.5	in-kind: \$0.84 earned: \$6.1	in-kind: \$0.70 ¹ earned: \$109.9 ²	in-kind: \$0.84 earned: \$6.2	in-kind: \$0.84 earned: \$6.3
1.2c Donations (cash & in-kind) and grants, in millions (M)	\$0.41	\$0.90	\$3.1	\$0.95	\$1.0

Data sources: Royal BC Museum Volunteer, Marketing, Communications and Philanthropy records.

¹In-kind media is negotiated and tied to paid advertising. With a mid-year holdback for budget mitigation and then the COVID-19 related closure on March 17, 2020, the planned advertising buy was reduced, which affected the corresponding in-kind support.

²The Royal BC Museum relies upon a third-party media monitoring company to analyze and assign a dollar value to annual media coverage. While the company uses the same approach to analyze coverage year-to-year, the assignment of value changes as the company has improved its analysis, primarily for broadcast media. This makes forecasting value challenging.

Discussion of Results

The Royal BC Museum met its 2019/20 Target for the number of volunteer hours.

Media value—which is both the result of media relations coverage and leveraging of paid-for advertising—reflects public engagement with Royal BC Museum’s initiatives. “Earned” media value is based on the amount it would cost to purchase the equivalent space/time for a published press article/broadcast (no multipliers included). “In-kind” media refers to the value of all additional advertisements or advertorials negotiated with media for no cost. The ad equivalency formula is the readership of the publication (based on unique monthly visitors) times the potential viewership (assuming that not everyone on the site reads the article) times the average ad cost (a proprietary and constant value).

The Royal BC Museum trailed its 2019/20 Target for in-kind media value due to two factors: an internal holdback in September for budget mitigation, which was a response to the slower-than-expected tourism season; and the COVID-19 related closure on March 17, 2020. Both scenarios resulted in a reduced buy for planned advertising, which affected the corresponding in-kind support. In-kind media is negotiated as part of paid advertising contracts. Marketing leveraged strong support in and interest about the [Maya: The Great Jaguar Rises](#) exhibition within the tourism industry and benefited from strong mutually beneficial partnerships.

The Royal BC Museum exceeded its 2019/20 Target for earned media value. This was due to changes in how the third-party media monitoring company responsible for this data analyzes its results primarily for broadcast. The Royal BC Museum relies upon a media monitoring service to capture, analyze and assign a dollar value to media coverage: this is the equivalent value of a purchased advertisement the same length as the story. As the media landscape continues to change, and as media monitoring services become better at tracking every story’s digital footprint, so too does the way in which the company assigns value. These constant industry improvements to processes make it challenging to accurately forecast value. In 2019/20, the ad equivalencies generated by the media monitoring service do not take into consideration how much of the media coverage the museum is featured in; in some cases within the 2019/20 Actual, the museum is strictly a mention, rather than a feature of, the media story. Recognizing that this year’s Actual is dramatically larger than the Target, we will be revisiting this Target in future Service Plans.

The closure of the museum on March 17, 2020 was a contributing factor, as the museum was unable to generate media coverage for a the final days of the [Wildlife Photographer of the Year 2020](#) exhibition in the last two weeks of the fiscal year. Similarly, the museum was forced to

cancel plans to pitch long-lead media stories for the upcoming [Orcas: Our Shared Future](#) exhibition, scheduled to open in May, 2020.

The Royal BC Museum exceeded its 2019/20 Target for donations and grants. The 2019/20 Actual, \$3.1 million, includes all donations, sponsorships, and grants received by the Royal BC Museum, including one-time grant funding from the Ministry of Tourism, Arts and Culture to support the development of a business case for a potential future initiative. This number also includes restricted research grants that have not been reported on in previous years.

Goal 2: Create dynamic and relevant visitor experiences, in order to attract more visitors to British Columbia and the museum.

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

Objective 2.1: Maintain on-site visitor volume numbers by delivering exceptional experiences that both new and repeat visitors can count on.

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

As the provincial museum and archives of B.C., the Royal British Columbia Museum is committed to creating experiences visitors would not find anywhere else in the world. This sets the museum and archives apart, enabling it to attract and engage more visitors.

Key Highlights

- Continued to provide world-class visitor experiences, in collaboration with stakeholders, by promoting feature and travelling exhibitions and museum sector partnerships, including the 2019-20 feature exhibitions [Maya: The Great Jaguar Rises](#) and [Wildlife Photographer of the Year 2020](#).
- Continued the museum and archives’ partnership with 15 other research and cultural institutions on the [Landscapes of Injustice](#) project, funded by the [Social Sciences and Humanities Research Council](#).
- Continued to provide engaging on-site learning programs and special events for all ages.
- Acted as a trusted and essential resource for research and the sharing of knowledge about British Columbia, offering popular on-site services like genealogical research in the BC Archives.
- Continued to offer access to low-income British Columbians through events and programs such as Community Days and the Greater Victoria Public Library pass program, in which library patrons can check out a Royal BC Museum family pass.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.1a Number of visitors to main site, in millions (M) ¹	0.86 M	0.76 M	0.72 M	0.76 M	0.71 M

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

¹Targets for 2020/21 and 2021/22 have been revised since publication of the 2019/20-2021/22 Service Plan. See the [2020/21 – 2022/23 Service Plan](#) for the most recent targets for these years.

Discussion of Results

The Royal BC Museum did not meet its 2019/20 Target for the number of visitors to the main site due to an unanticipated province-wide tourism slowdown in 2019; this had an impact on visitation numbers to the feature exhibition [Maya: The Great Jaguar Rises](#). Additionally, concern about the growth of the COVID-19 pandemic during the normally-busy spring break period in March 2020 had a negative effect on visitation numbers. In addition, the sudden and unavoidable temporary closure of the Royal BC Museum altogether on March 17, 2020, in response to the pandemic meant the Royal BC Museum was unable to capitalize on the public's habitual surge in interest in (and thus attendance to) the [Wildlife Photographer of the Year 2020](#) feature exhibition, which was originally scheduled to end on March 31, 2020.

Ticketed visitors to the Royal BC Museum and IMAX Victoria are counted automatically by entrance systems. Data is tightly controlled and reliable. Non-ticketed visitor numbers are recorded manually via registration for events/courses and by head counts at events. Non-ticketed visitors accounted for about 11 per cent of the overall total in 2019/20.

Objective 2.2: Maintain visitor satisfaction levels.

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

The Royal British Columbia Museum's ongoing commitment to work closely and collaboratively with Indigenous communities in B.C. is a key contributor to this objective, as the perspective of Indigenous stakeholders is of paramount significance for the museum and archives. The Royal British Columbia Museum continues to work closely with Indigenous communities to advance cultural repatriation by supporting Indigenous peoples seeking the return of ancestral remains and sacred belongings to their communities.

Key Highlights

- Worked closely with Indigenous communities in B.C. to promote their cultural heritage and current cultural practices through activities like the [Indigenous Summer Arts Studio](#) program and the conservation of the Thunderbird Park poles.
- Continued to address the Truth and Reconciliation Commission recommendations in the areas of: professional development and training for public servants (#57); education for reconciliation (#62i); museums and archives (69.i, ii); and business and reconciliation (#92.i, ii, iii).

- Developed and featured [new Pocket Gallery displays](#) in freely-accessible public spaces.
- Supported initiatives such as Community Days and provided family memberships to the Greater Victoria Public Library make the museum more accessible to low-income British Columbians. In February 2020, the Province subsidized the cost of waiving admission fees for the public for Family Day, which lowered the financial barrier to access.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.2a Per cent of visitors surveyed satisfied with services	91%	93%	92%	95%	95%

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

¹[type footnote here]

Discussion of Results

The 2019/20 Actual for the per cent of visitors surveyed satisfied with services was slightly lower than the 2019/20 Target; this can likely be attributed to disruptive but necessary infrastructure projects, like the replacement of aging escalators. This work, completed in mid-November 2019, affected the experience of visitors in the lobby and on the second floor, as visitors were required to use the stairs instead.

The lower (93%) target for 2019/20 (compared to targets for 2020/21 onwards) is due to the expectation of significant renovations. When the 2018/19 – 2020/21 Service Plan was written, we expected the “modernization” project would have begun in fiscal year 2019/20; this lower PM reflected the expectation of large-scale renovation activities, and a consequent decrease in visitor satisfaction.

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

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

Key Highlights

- Offered programming that educates people about B.C.’s natural and human history (supporting the Museum’s legislated mandate and government’s direction to continue implementing the comprehensive learning strategy).
- Continued providing content to deepen the visitor experience in both feature exhibitions and permanent galleries.

- Leveraged digital technology to connect with educators and learners across the province (and internationally), providing access to our galleries, collections and experts to areas far from Victoria.
- Rapidly developed [new online offerings](#) for educators and learners of all ages when the Royal BC Museum shut its doors because of the COVID-19 pandemic.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.3a Numbers of people at our learning programs/events in thousands (K) ¹	163,360	171,500	182,063	176,000	190,000
2.3b Learning program and event participants on site, in thousands (K)	32,997	27,000	32,850	30,000	35,000
2.3c Outreach outside the Capital Region, in thousands (K)	5,092	5,500	4,370	7,000	16,000
2.3d Animation participants, in thousands (K)	125,271	139,000	144,843	139,000	139,000

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

¹ The figure in row one (2.3a) represents the total of the three following measures.

Discussion of Results

The 2019/20 Actual number of people at learning programs/events was higher than the 2019/20 Target; this can be attributed to an increase in the popularity of our school programs as promotion has encouraged more teachers to take advantage of our curriculum-linked resources.

On-site learning programs (PM 2.3b), featuring an increased number of offerings, drew greater school program ticketed attendance numbers than targeted.

Outreach outside the Capital Region (PM 2.3c) was slightly lower than the 2019/20 Target; some of this can be attributed to our digital fieldtrips now being monetized and is reflected in PM 2.3b; increased community engagements did raise this number compared to 2018/19 Actuals.

The higher numbers at gallery “animations” (PM 2.3d, which focusses on volunteer-led, non-ticketed activities), are due in part to mandatory tracking by volunteers; visitor experience designers offering more performance-based activities in the galleries; and a new outdoor program entitled “Living Cultures”, with Indigenous artist production in the precinct.

Objective 2.4: Make the museum and archives more accessible to all British Columbians by increasing visitor volume online.

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

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

Key Highlights

- Highlighted the [conservation work on the Thunderbird Park poles](#), driving online attention to the Indigenous collections.
- [Digitized photography and audio-visual collections](#), providing Indigenous communities in BC with access to these records.
- Supported preservation and access through the consistent digitization of collections and archives materials; expanded the [Research Portal](#) to share museum and archives research initiatives; and added to the [BC Archives’ collection search](#) (also known as Access to Memory, or AtoM) and [Integrated Museum Management](#) (IMM, the museum collection search).
- Supported Learning goals through digital initiatives like the [Learning Portal](#); [Digital Field Trips](#) for teachers and students across the province; and annual teachers’ professional development workshops that are focused on digital learning opportunities.
- Swiftly pivoted museums services to deliver [existing and new online programs](#) at the end of the fiscal year when the Royal BC Museum was closed during the COVID-19 pandemic.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.4a Total visitors to website, in millions (M); (does not include Learning Portal) ¹	10.9 M page views 2.0 M sessions	5.5 M page views 1.7 M sessions	11.4 M page views 1.9 M sessions	5.6 M page views 1.8 M sessions	5.7 M page views 1.9 M sessions
2.4b Total visitors to Learning Portal, in thousands (K) ¹	88.17 K page views 27.7 K sessions	122.3 K page views 17.2 K sessions	116.7 K page views 37.3 K sessions	124 K page views 17.3 K sessions	126 K page views 17.4 K sessions

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

¹Targets for 2020/21 and 2021/22 have been revised since publication of the 2019/20-2021/22 Service Plan. See the [2020/21 – 2022/23 Service Plan](#) for the most recent targets for these years.

Discussion of Results

The 2019/20 Actual for the number of visitors to the website (excluding the Learning Portal) outstripped the 2019/20 Target by a noticeable margin. This was due to a greater than expected interest in our collections management systems, which are constantly expanding as new data are added. Since last year both the Archives Search (AtoM) and the Collections Search (IMM) grew significantly, with growth in page views increasing by 11.4 per cent and 5 per cent respectively compared to the previous fiscal.

Although the 2019/20 Actual for page views to the Learning Portal were lower than targeted, the number of sessions, a better indication of user uptake and value, were up by 38.4 per cent compared to the previous fiscal. As staff members add significant programming to the Learning Portal, visitors are subsequently having longer sessions and greater interaction with content, rather than broad exposure.

Objective 2.5: Develop new international relationships to support government’s goals for growing tourism in British Columbia.

The Royal British Columbia Museum has a unique role in building mutually beneficial relationships with institutions worldwide, including museums, archives and academia. These relationships support government’s goals to expand tourism-marketing efforts internationally to help to showcase B.C.’s rich diversity.

One key to long-term success is the museum and archives’ ability to establish relationships with other cultural institutions and private collectors for general programming.

Key Highlights

- Continued to reach out and collaborate with cultural groups from Asia, especially China, and to share historical stories of settlement and immigration with all British Columbians.
- Continued to establish and maintain relations with international counterparts to share collections and exhibitions.
- Continued to develop and implement the Royal BC Museum’s international strategy, including the development of international partnerships and exhibitions.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.5a Number of people viewing RBCM travelling exhibitions and loaned artifacts/objects abroad, in millions (M)	.055 M	0.10 M	0.20 M ¹	0.10 M	0.10 M

Data source: Royal British Columbia Museum’s Registrar records.

¹This figure includes attendance figures from the Sunnyslans Center and Gardens, USA; and the Minneapolis Institute of Art, Frist Art Museum, Renwick Art Gallery (Smithsonian American Art Museum) and Philbrook Museum of Art, USA. As of May 22, 2020, the Royal BC Museum was unable to obtain data from the Musée de l’Homme, France, likely because of staffing issues due to the pandemic; as this information was not included in the calculation, any later inclusion would increase the actual for 2019/20.

Discussion of Results

The 2019/20 Actual for the number of people viewing Royal BC Museum travelling exhibitions and loaned artifacts/objects abroad comprises figures from two loans: to the Sunnylands Center and Gardens, USA, and to the Minneapolis Institute of Art (a loan that also included four additional venues: Frist Art Museum, Renwick Art Gallery (Smithsonian American Art Museum) and Philbrook Museum of Art, USA).

The 2019/20 Target reflected best intelligence about Royal British Museum display elements, exhibitions and individual artifacts, specimens and archival materials heading abroad as loans and purchased feature exhibitions when the target was established. The 2019/20 Actual includes attendance figures at venues that signed loan agreements with the Royal BC Museum after the Target was assigned.

Because attendance numbers at museums can fluctuate from year-to-year (due to unforeseeable factors, including the relative strength or weakness of currencies; fuel costs etc.), and because international venues often sign loan agreements with the Royal BC Museum with little advance warning, this performance measure has been challenging to forecast with much accuracy and therefore was discontinued in the 2020/21 – 2022/23 Service Plan.

The 2020/21 – 2022/23 Service Plan replaces this Objective with a new one: “Provide access to, and facilitate the repatriation of, Indigenous belongings to communities in BC”.

Goal 3: Effectively steward the Province’s collections for today’s audiences and for generations to come.

The Royal British Columbia Museum will continue to develop and care for the museum and archives collections, ensuring the collections and knowledge remain relevant and accessible for audiences now and for generations to come.

Objective 3.1: Continue the digitization of the Province’s collections.

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

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

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

Key Highlights

- Continued to grow the [BC Archives’ collection search](#) and the [museum collection search](#) (IMM database), providing resources for research and the sharing of knowledge about British Columbia, as well as providing a preservation method related to digitization of records.
- Provided access to the collections through the new public-facing [catalog and search system for the BC Archives library](#).
- Continued to process and make publicly accessible government records transferred to the Royal BC Museum.
- Continued to review and update the principles and guidelines of the Conservation Policy of June 2012.
- Continued to develop the Royal British Columbia Museum’s Collection Strategy.
- Continued to introduce incremental preservation and conservation steps as budgets allow.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.1a Collection Risk Management Index (CRMI) score	80%	80%	80%	80%	80%
3.1b Number of objects attached to AtoM, in thousands (K)	29K	40K	30.7K	42K	42K
3.1c Number of boxes of government records processed, in thousands (K)	1.9K	3K	2.6K	3K	3K
3.1d Number of records added to IMM, in thousands (K)	26K	25K	299K	25K	25K

Data source: Royal British Columbia Museum.

Discussion of Results

The Collection Risk Management Index (CRMI) score reported indicates the percentage of identified risks to the collections that can and have been successfully mitigated (80%). The remaining risks (20%) pertain to the fabric, structure, systems and environment of the buildings. The CRMI is derived from analyses conducted every five years at the Royal BC Museum, based on the current international standard.

In PM 3.1b, “objects” are photographs, digital files and PDFs of textual records, and “AtoM” refers to Access to Memory, the [BC Archives’ collection search website](#). The 2019/20 Actual for the number of objects attached to AtoM was lower than targeted, primarily because of staffing challenges.

In PM 3.1c, “processing” entails reviewing and describing the boxes, carrying out preservation assessments, carrying out basic preservation treatment and rehousing the records (as required), reviewing the records for access/FOI issues, making the descriptions available online for researchers, providing reference services and managing access to the records. The Royal BC Museum did not meet its 2019/20 Target for PM 3.1c due to staffing issues.

In PM 3.1d, “IMM” refers to the Royal BC Museum [collections database](#) that provides resources for research and the sharing of knowledge about its natural history and human history collections. The Royal BC Museum surpassed its 2019/20 Target for the number of records added to IMM by importing two data sets (paleontology and archaeology) that were significantly larger than most other sets.

Financial Report

Discussion of Results

The Royal BC Museum ended the year with a small operating surplus. Museum admission fees were lower than budget due to softening tourism numbers experienced across B.C. in 2019 in addition to the sudden and unavoidable premature closure of the Museum on March 17th as a result of the COVID-19 pandemic. Total revenues were higher than budget largely due to higher than anticipated grant revenues. Total expenditures were higher than budget largely due to additional spending on projects related to grant revenues.

Financial Summary

\$000	2018/19 Actual	2019/20 Budget	2019/20 Actual	2019/20 Variance
Revenue				
Provincial Operating Contribution	11,866	11,866	11,866	0
Other Provincial Funding	392	400	2,713	2,313
Museum Admission Fees	7,601	6,415	5,831	(584)
Other Income	4,342	3,147	3,492	345
Total Revenue	24,201	21,828	23,902	2,074
Expenses				
Salaries and Benefits	10,604	11,132	10,708	(424)
Building Costs	2,225	2,295	2,392	97
Amortization	929	979	968	(11)
Security	915	960	964	4
Grant – in Lieu of Property Taxes	640	665	764	99
Special Exhibitions	1,507	1,664	1,413	(251)
Other Operating Costs	5,033	4,132	6,676	2,544
Total Expenses	21,853	21,827	23,885	2,058
Net Income	2,348	1	17	16
Total Liabilities	14,320	11,828	15,108	3,280
Capital Expenditures	1,343	555	1,894	1,339
Accumulated Surplus	16,653	16,654	16,670	16

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 \$23.902 million, ahead of budget by \$2.074 million.

Provincial Operating Contribution

Provincial operating contributions remained constant at \$11.9 million.

Other Provincial Funding

Other Provincial Funding was \$2.313 million ahead of budget primarily due to a larger grant from the province for project work on engagement and the Museum Modernization initiative.

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 were \$0.584 million lower than budget due to softened tourism numbers and the premature closing of the Museum due to the COVID-19 pandemic.

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. Increased income was earned from learning programs and workshops, as well as increases in venue rental income and reproduction and licensing revenues.

Expenses

Total operating expenses for the year were \$23.885 million, higher than budget by \$2.058 million primarily due to higher professional services and materials and supplies associated with project work on engagement and modernization.

Salaries and Benefits

Salaries and benefits were \$0.424 million lower than budget due to budget mitigation steps implemented during the year to offset reduced admission revenues.

Building Costs

Building costs were \$0.097 million over budget due to increased repair and maintenance spending as well as increased operational costs such as utilities.

Grant – in Lieu of Property Taxes

The Grant in Lieu of Property Taxes was \$0.099 million over budget due to significantly higher valuations for the Museum's land in the 2019 property tax assessment.

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 were \$0.251 million lower than budget due to costs budgeted for the future *Orcas* Exhibition being reallocated to capital due the nature of the expense.

Other Expenses

The remaining 36 per cent of total expenses relate to Amortization, Security, and Other Operating Costs.

- Amortization expense was similar to budget at \$0.968 million;
- Security expenses were similar to budget at \$0.964 million; and
- Other Operating Costs were \$6.676 million, which was \$2.544 higher than budget. 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 increased primarily due to increased spending on professional services and materials and supplies for project work on engagement and the Museum Modernization initiative. In addition, this year the Museum, with financial support from the Royal BC Museum Foundation, was able to purchase significant collection items relating to Emily Carr and Sophie Pemberton. Collection items purchased are expensed.

Capital Expenditures

A total investment of \$1.894 million was made in 2019/20 for capital asset additions, \$1.339 million over budget. The difference is primarily due to capitalizing most costs associated with the upcoming *Orcas* exhibition.

Risks and Uncertainties

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

The longer-range economic repercussions of the global pandemic, and actions to mitigate the spread of COVID-19, will likely be manifested in fiscal year 2020/21.

Auditor's Report & Audited Financial Statements

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 2020

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

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ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

MANAGEMENT'S REPORT

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

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

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

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

On behalf of the Royal British Columbia Museum Corporation:



Jack Lohman CBE
Chief Executive Officer

Victoria, British Columbia
July 10, 2020



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



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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

I have audited the accompanying financial statements of the Royal British Columbia Museum Corporation ("the entity" or "the Museum"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2020, and the results of its operations, change in its net debt, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Qualified Opinion

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

Deferral of revenues

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

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

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. Had the entity made an adjustment for this departure in the current year, the liability for deferred revenue as at March 31, 2020 would have been lower by \$8.7 million, revenue, annual surplus and accumulated surplus would have been higher by \$8.7 million and net debt would have been lower by \$8.7 million.

Control of the Royal British Columbia Museum Foundation

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

The entity's records, along with the unaudited records of the Foundation indicate that the effects of this departure on the financial statements are an understatement of assets of \$14 million (March 31, 2019: \$14 million), an understatement of accumulated surplus of \$14 million (March 31, 2019: \$13 million), an understatement of revenues of \$2 million (March 31, 2019: \$3 million) and an understatement of expenses of \$2 million (March 31, 2019: \$2 million).

Donations to the Royal British Columbia Museum Foundation

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

The entity's records indicate that the effects of this departure on the financial statements are an overstatement of other assets of \$1.2 million (March 31, 2019: \$1.2 million) and an overstatement of accumulated surplus of \$1.2 million (March 31, 2019: \$1.2 million).

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

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

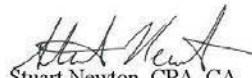
My objectives are to obtain reasonable assurance about whether the entity's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee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

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

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

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

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


Stuart Newton, CPA, CA
Assistant Auditor General

Victoria, British Columbia, Canada
July 10, 2020



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

	Notes	2020	2019
Financial Assets			
Cash and cash equivalents	3	\$ 4,799,357	\$ 3,822,692
Accounts receivable	5	1,496,491	2,070,277
		6,295,848	5,892,969
Financial Liabilities			
Accounts payable and accrued liabilities	6	4,794,365	3,385,722
Leave liability		379,339	382,267
Deferred revenue	7	1,188,153	1,422,403
Deferred capital contributions	8	8,746,641	9,129,847
		15,108,498	14,320,239
Net Financial Debt		(8,812,650)	(8,427,270)
Non-Financial Assets			
Tangible capital assets	10	24,205,403	23,456,262
Prepaid expenses		76,637	423,848
Other Assets		1,200,000	1,200,000
		25,482,040	25,080,110
Accumulated Surplus	12	\$ 16,669,390	\$ 16,652,840

Contractual Obligations (Note 14)
Contractual Rights (Note 15)

Approved on behalf of the Board:


Dr. Daniel Muzyka
Chair - Board of Directors


Wendy King
Chair - Finance and Audit Committee

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

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

	Notes	2020 Budget	2020	2019
		(Note 20)		
Revenues				
Provincial operating contributions		\$ 11,866,000	\$ 11,906,000	\$ 11,866,000
Museum admission fees and memberships		6,415,257	5,830,670	7,600,666
Grants and sponsorships		1,262,500	3,548,492	2,112,329
Property leases		903,000	910,590	982,735
Programs, services and miscellaneous		725,000	1,025,715	902,407
Amortization of deferred capital contributions	8	656,206	557,694	584,045
Donated collections and artifacts		-	122,773	152,706
		21,827,963	23,901,934	24,200,888
Expenses				
Salaries and benefits		11,132,397	10,708,187	10,603,951
Building costs		2,295,000	2,392,370	2,224,647
Amortization		979,052	967,969	928,594
Security		960,000	963,612	915,244
Grant in lieu of property taxes		665,000	763,651	640,189
Special exhibitions	9	1,663,669	1,413,493	1,507,441
Systems and telecommunications		872,000	889,666	849,995
Professional services		503,000	2,165,382	663,534
Materials and supplies		387,000	1,210,559	580,954
Offsite Storage		725,000	751,714	704,948
Marketing and communications		380,000	387,093	298,610
Office and business		602,000	393,208	1,049,391
Insurance		220,000	204,607	198,498
Travel		261,000	260,419	285,645
Bank charges		100,000	135,038	158,488
Collections and artifacts		-	122,773	152,706
Other		82,000	155,643	90,481
		21,827,118	23,885,384	21,853,316
Annual Operating Surplus		845	16,550	2,347,572
Accumulated Surplus, beginning of year			16,652,840	14,305,268
Accumulated Surplus, end of year	12		\$ 16,669,390	\$ 16,652,840

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

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

	2020 Budget	2020	2019
Annual Operating Surplus	\$ 845	\$ 16,550	\$ 2,347,572
Acquisition of tangible capital assets	(555,000)	(1,893,577)	(1,342,852)
Write-down of tangible capital assets	-	176,466	-
Amortization of tangible capital assets	979,052	967,969	928,594
	424,897	(732,592)	1,933,314
Acquisition of prepaid expense	-	(857,834)	(1,129,084)
Use of prepaid expense	-	1,205,045	1,121,138
	-	347,211	(7,946)
(Increase) decrease in net debt	424,897	(385,381)	1,925,368
Net debt, beginning of year	(8,427,270)	(8,427,270)	(10,352,638)
Net debt, end of year	\$ (8,002,373)	\$ (8,812,652)	\$ (8,427,270)

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

	2020	2019
OPERATING ACTIVITIES		
Annual Operating Surplus	\$ 16,550	\$ 2,347,572
Items not affecting cash:		
Amortization	967,969	928,594
Amortization of Deferred capital contributions	(557,694)	(584,045)
Changes in operating working capital:		
Accounts receivable	573,787	(820,232)
Prepaid expenses	347,211	(7,946)
Accounts payable and accrued liabilities	1,408,643	(640,308)
Leave liability	(2,928)	(3,942)
Deferred revenue	(234,250)	(878,221)
Cash provided by or (used in) operating activities	2,519,288	341,472
CAPITAL ACTIVITIES		
Cash used to purchase tangible capital assets	(1,893,577)	(1,342,852)
Write-down of tangible capital assets	176,466	-
Cash received for the acquisition of tangible capital assets	174,488	1,195,616
Cash provided by or (used in) capital activities	(1,542,623)	(147,236)
Increase (decrease) in cash and cash equivalents	976,665	194,236
Cash and cash equivalents, beginning of year	3,822,692	3,628,456
Cash and cash equivalents, end of year	\$ 4,799,357	\$ 3,822,692

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, 2020

1. Nature of Operations

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

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

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

2. Summary of Significant Accounting Policies

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

(a) Basis of accounting

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

(b) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities all of which are reported at amortized cost. Cash includes cash on hand and balances held in Canadian bank accounts. Cash equivalents are investments in term deposits and are valued at their carrying value plus accrued interest. The carrying amounts approximate fair value as they have maturities at the date of purchase of less than ninety days.

(c) Deferred revenue

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. Summary of Significant Accounting Policies (continued)

(d) Deferred capital contributions

Funding received for the acquisition of depreciable tangible capital assets is recorded as a deferred capital contribution and is recognized as revenue in the Statement of Operations and Accumulated Surplus in an amount equal to the amortization expense on the related depreciable assets. This policy is in accordance with Treasury Board Regulation BC 198/2011 under the authority of the *Budget Transparency and Accountability Act*, S.B.C. 2000, c.23, s.23. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and certain eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability, in which case the transfer would be recognized as revenue over the period in which the liability is extinguished. The impact of the difference in this accounting policy on the financial statements is presented in Note 4.

(e) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Asset costs are amortized on a straight-line basis over their estimated useful lives as follows:

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

Capital assets acquired during the year, but not ready for use, are not amortized until they are ready for use.

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

(f) Prepaid expenses

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

(g) Funds and Reserves

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. Summary of Significant Accounting Policies (continued)

(h) Revenue Recognition

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

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

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

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

Contributions provided for capital projects by external parties or governments are deferred and recognized as revenue on the same basis the related assets are amortized, either in accordance with the terms of the funding agreement, or in accordance with Note 2(d).

(i) Expenses

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

(j) Employee future benefits

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

i. Pension benefits

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

ii. Other future benefits

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

iii. Leave Liability

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

2. Summary of Significant Accounting Policies (continued)

(k) Other Expenses

Other expenses include GST expense net of recoveries, and grants to other entities.

(l) Measurement Uncertainty

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

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

(m) Other Assets

Other Assets include a payment from the Corporation to the Royal British Columbia Museum Foundation in prior years.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

3. Cash and Cash Equivalents

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

	2020	2019
Cash	\$ 3,774,001	\$ 2,797,919
Cash Equivalents	1,025,356	1,024,773
Total Cash and Cash Equivalents	\$ 4,799,357	\$ 3,822,692

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

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

	2020 Increase/ (Decrease)	2019 Increase/ (Decrease)
Statement of Financial Position		
Deferred capital contributions	\$ 8,746,641	\$ (9,129,847)
Deferred revenue	-	(97,825)
Accumulated surplus	\$ 8,746,641	\$ (9,227,672)
Statement of Operations and Accumulated Surplus		
Amortization of deferred capital contributions	\$ (557,694)	\$ (584,045)
Annual operating (surplus) deficit	\$ (557,694)	\$ (584,045)

5. Accounts Receivable

	2020	2019
Ministry of Tourism, Arts and Culture	\$ 884,403	\$ 1,340,160
Ministry of Citizen Services	137,870	109,061
Federal Government	20,434	182,670
Canada Revenue Agency	62,977	95,767
Destination Cinema Canada Inc.	22,288	49,500
Royal British Columbia Museum Foundation	51,391	99,492
Other	317,128	193,627
Total	\$ 1,496,491	\$ 2,070,277

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

6. Accounts Payable and Accrued Liabilities

	2020	2019
Ministry of Finance	\$ 3,030,782	\$ 2,238,840
BC Hydro	37,000	-
Black and Macdonald	79,264	-
CIBC Visa	59,945	63,405
City of Victoria	194,980	181,250
Destination Cinema Canada Inc.	13,956	25,000
Grant Thornton	35,274	-
Kone	38,967	-
Leisch Interiors	971	61,021
Longview	73,509	32,017
Office of the Auditor General of BC	25,000	-
Paladin Security	68,861	82,768
Panasonic Canada	91,025	-
Royal British Columbia Museum Foundation	-	799
Summit Mechanical	8,283	97,893
Trane Canada	48,241	-
Other	988,307	602,729
Total	\$ 4,794,365	\$ 3,385,722

7. Deferred revenue

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

	2020	2019
Operating projects (restricted)	\$ 581,139	\$ 712,239
Other	607,014	710,164
Total	\$ 1,188,153	\$ 1,422,403

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, 2019	Additions/ transfers	Amortized to revenue	Balance at March 31, 2020
Provincial government	\$ 5,764,382	\$ 174,488	\$ 346,477	\$ 5,592,393
Federal government	2,535,215	-	148,177	2,387,038
Other	830,250	-	63,040	767,210
Total	\$ 9,129,847	\$ 174,488	\$ 557,694	\$ 8,746,641

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2020

9. Special exhibitions

The Corporation hosts temporary exhibitions to provide a window on the world and to encourage repeat visitation. Costs allocated to special exhibitions are those additional costs which are directly incurred to host the exhibition. Materials and Supplies include exhibition loan fees where applicable. In fiscal year 2020, exhibition costs were incurred for: *Maya: The Great Jaguar Rises*; *Wildlife Photographer of the Year*; and *Orcas: Our Shared Future*.

	2020	2019
Salaries and benefits	\$ 22,518	\$ -
Professional Services contracts	22,328	99,904
Marketing and communications	437,288	399,793
Materials and supplies	897,920	848,634
Other	33,438	159,110
Total	\$ 1,413,492	\$ 1,507,441

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

10. Tangible capital assets

Cost	Balance at March 31, 2019	Additions	Disposals/ Write-downs	Balance at March 31, 2020
Land	\$ 12,510,140	\$ -	\$ -	\$ 12,510,140
Permanent exhibitions	1,961,415	1,087,329	(176,466)	2,872,278
Operating equipment	745,525	192,023	-	937,548
Hardware and software	3,246,408	221,290	-	3,467,698
Furniture	31,340	-	-	31,340
Buildings and improvements	14,421,611	392,934	-	14,814,545
Total	\$ 32,916,439	\$ 1,893,576	\$ (176,466)	\$ 34,633,549

Accumulated Amortization	Balance at March 31, 2019	Amortization	Accumulated Amortization on Disposals/ write-downs	Balance at March 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Permanent exhibitions	1,417,231	68,183	-	1,485,414
Operating equipment	624,241	58,333	-	682,574
Hardware and software	2,495,182	281,340	-	2,776,522
Furniture	31,339	-	-	31,339
Buildings and improvements	4,892,184	560,113	-	5,452,297
Total	\$ 9,460,177	\$ 967,969	\$ -	\$ 10,428,146

Net Book Value	Balance at March 31, 2019	Balance at March 31, 2020
Land	\$ 12,510,140	\$ 12,510,140
Permanent exhibitions	544,184	1,386,864
Operating equipment	121,284	254,974
Hardware and software	751,226	691,176
Furniture	1	1
Buildings and improvements	9,529,427	9,362,248
Total	\$ 23,456,262	\$ 24,205,403

At March 31, 2020 the value of capital assets not placed into use was:

- Buildings and improvements \$174,488
- Permanent exhibitions 1,080,046
- Operating Equipment 60,112

Total capital assets not placed into use **\$1,314,646**

Disposals/write-downs of \$176,466 reflects a management decision in the current year to delay indefinitely three projects to upgrade the core galleries due to changed circumstances.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

10. Tangible capital assets (continued)

	Balance at March 31, 2018	Additions	Disposals/ Write-downs	Balance at March 31, 2019
Land	\$ 12,510,140	\$ -	\$ -	\$ 12,510,140
Permanent exhibitions *	1,879,193	82,222	-	1,961,415
Operating equipment	708,911	36,614	-	745,525
Hardware and software	3,024,862	221,546	-	3,246,408
Furniture	31,340	-	-	31,340
Buildings and improvements	13,419,141	1,002,470	-	14,421,611
Total	\$ 31,573,587	\$ 1,342,852	\$ -	\$ 32,916,439

	Balance at March 31, 2018	Amortization	Accumulated Amortization on Disposals/ write-downs	Balance at March 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Permanent exhibitions	1,349,048	68,183	-	1,417,231
Operating equipment	575,397	48,844	-	624,241
Hardware and software	2,247,673	247,509	-	2,495,182
Furniture	31,339	-	-	31,339
Buildings and improvements	4,328,126	564,058	-	4,892,184
Total	\$ 8,531,583	\$ 928,594	\$ -	\$ 9,460,177

Net Book Value	Balance at March 31, 2018	Balance at March 31, 2019
Land	\$ 12,510,140	\$ 12,510,140
Permanent exhibitions	530,145	544,184
Operating equipment	133,514	121,284
Hardware and software	777,189	751,226
Furniture	1	1
Buildings and improvements	9,091,015	9,529,427
Total	\$ 23,042,004	\$ 23,456,262

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

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2020

11. Collections and artifacts

The Corporation conducts a Collections Risk Assessment every five years to assess the overall risk of deterioration, loss and to best plan for long-term conservation of artifacts and records. The last assessment was done in fiscal 2016. The Corporation determined as at March 31, 2016, the collections consisted of approximately 7.7 million artifacts, specimens and archival records. During the 2020 fiscal year, the Corporation de-accessioned 10 batches (2019: 2) and accessioned 201 batches (2019: 198) to its collections through the acquisition, purchase and accessioning process. The collections are valued at \$190 million for insurance purposes.

12. Accumulated operating surplus

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

	Balance at March 31, 2019	Additions	Uses	Balance at March 31, 2020
Unappropriated operating surplus	\$ 14,305,268	\$ 16,550	\$ -	\$ 14,321,818
Amounts reserved for future use on:				
Capital expenditures	1,173,786	-	-	1,173,786
Operating	1,173,786	-	-	1,173,786
Total reserves	2,347,572	-	-	2,347,572
Total accumulated operating surplus	\$ 16,652,840	\$ 16,550	\$ -	\$ 16,669,390

Certain amounts are set aside in accumulated operating surplus for future financial obligations and the purchase of capital assets. The operating surplus of \$16,550 has not been added to any reserve.

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

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2020

13. The Royal British Columbia Museum Foundation

The Foundation is an independent organization with its own Board of Directors therefore the accounts of the Foundation are presented separately and are not consolidated in these financial statements. The purposes of the Foundation are to undertake charitable activities that promote and support the aims, interests and activities of the Royal British Columbia Museum Corporation.

The Foundation has internally restricted funds of approximately \$6,161,320 (2019 - \$6,038,854), 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:

	2020		2019
Funding for non-capital projects	\$ 339,330	\$	64,000
Funding for capital projects	-	-	-
Purchases of goods and services	47,127	-	44,876
Total	\$ 386,457	\$	108,876

As at March 31, 2020 \$51,391 is due from the Foundation to the Corporation and is included in the accounts receivable (2019: \$99,492).

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

	2020		2019
Purchases of goods and services	2,892	-	5,681
Total	\$ 2,892	\$	5,681

As at March 31, 2020, \$0 is due from the Corporation to the Foundation and is included in the accounts payable (2019: \$799).

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2020

14. Contractual Obligations

Property Management Contract

The Corporation entered into a 2 year service agreement for the provision of building management and maintenance services expiring March 31, 2022. Under the terms of the agreement, the Corporation will pay annual management fees based on 14% of the preventive and maintenance budget (2021 budget: \$305,000). 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:

2021	\$ 42,700
2022	46,900
Total	\$ 89,600

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:

2021	\$ 359,100
2022	359,100
2023	209,475
Total	\$ 927,675

Security Contract

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

2021	\$ 1,014,304
2022	1,049,855
2023	1,068,064
2024	1,091,966
Total	\$ 4,224,189

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, 2020

14. Contractual Obligations (continued)

Lease Commitments

The Corporation has operating leases to rent warehouse and cold storage space to store and preserve artifacts which expire on April 30, 2025 and January 31, 2022 respectively. Future minimum payments are as follows:

2021	\$ 253,935
2022	247,855
2023	197,790
2024	201,260
2025	204,730
Total	\$ 1,105,570

The Corporation is also obligated to cover a proportion of property taxes for the lease expiring in 2025. These costs amounted to \$51,013 in fiscal year 2020.

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

Janitorial Services Contract

In April, 2017 the Corporation entered into a 3 year service agreement for the provision of janitorial services expiring March 31, 2020, which was extended in March 2020 for 6 months to September 30, 2020. Under the terms of the agreement, the Corporation will pay a fixed fee. The fixed fees are as follows:

2021	\$ 215,000
Total	\$ 215,000

In addition, the Corporation will be invoiced at cost for janitorial consumables (approximately \$15,000 for 6 months).

15. Contractual rights

Operating Agreement

The Corporation entered into a Theatre Operating Agreement for the operation of a large screen motion picture theatre on the Corporation's premises. Under the terms of the agreement, the Corporation will be paid a royalty from theatre sales including certain negotiated adjustments, plus specific amounts for additional operating costs. The term of the agreement is 30 years and expires June 24, 2028. See Note 21 b) for subsequent event related to this agreement.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

16. Employee Pension Plan

The Corporation and its employees contribute to the Public Service Pension Plan, a jointly trustee pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The Public Service Pension Plan has approximately 133,000 active, inactive and retired members.

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

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

17. Related Party Transactions

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

18. Financial risk management

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

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

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

Credit Risk: Receivable balances consist primarily of trade receivables. At the financial statement date, 14 % of the accounts receivable balance is past due and none is considered to be impaired. As such the Corporation is not exposed to significant credit risk.

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

19. Statement of Remeasurement Gains and Losses

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

20. Budget

Budgeted figures provided in these statements were approved by the Royal BC Museum Corporation Board of Directors on December 7, 2018.

21. Subsequent Events

a) Uncertainty Due to COVID-19

The global pandemic relating to the COVID-19 virus has significantly disrupted economic and tourism activities in BC. The museum responded by closing all on site operations to the public in the week of March 16th. Measures were put in place to ensure that the collections, archives and facilities remain safe during the closure. Although the disruption from the virus is expected to be temporary, given the global nature of these circumstances, the duration of disruption to the museum's operations and related financial impacts cannot be reasonably estimated at this time.

b) IMAX Theatre

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

The Lease allowed for the Corporation to buy out the Lease through a purchase option (Option). The purchase is for all rights, title and interest in the Premises, Tenant Improvements and the Furniture Fixtures and Equipment, and all interests under the Lease (Optioned Assets).

On June 20, 2019 the museum exercised the Option, which constituted a binding purchase and sale agreement for the Optioned Assets. The anticipated transaction date is August 15, 2020. The cost of exercising the Option will be based on Fair Market Value as of March 31, 2019 adjusted to the closing date determined by an appraiser in accordance with terms in the Lease. It is anticipated that the final appraisal will be completed by July 15, 2020 and the closing date will be 30 days after that date.

Appendix A: Additional Information

Organizational Overview

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

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

Corporate Governance

The Royal BC Museum is governed by a Board of Directors, which is accountable to the Minister Responsible for implementing government's direction. Under the Board's direction, management carries out the day-to-day operations of the corporation, under the supervision of the Chief Executive Officer. For more information, please see royalbcmuseum.bc.ca/about/corporate-information/governance.

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

Board of Directors (as of May 22, 2020)

Dr. Daniel Muzyka, Chair; Wendy King, Vice Chair; Nika Nicole Renee Collison; Nanon de Gaspé Beaubien-Mattrick; Robert Jawl; E. Michael O'Brien; Ratana Stephens; Anuja S. Varshney; Peeter Wesik.

Board Committees

Finance and Audit Committee; Governance, Nominating and Human Resources Committee; Museum Redevelopment Committee

Advisory Committees

Indigenous Advisory and Advocacy Committee; Research Advisory Committee

Senior Management

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

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

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.