

Royal BC Museum

2016/17 ANNUAL SERVICE PLAN REPORT



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Board Chair's Accountability Statement

The *Royal BC Museum 2016/17 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2016/17 - 2018/19 Service Plan*. I am accountable for those results as reported.



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

Susan Knott
Board Chair

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Chair/CEO Report Letter

The Royal BC Museum advances knowledge about British Columbia through collections, exhibitions, presentations, expertise and partnerships. In 2016/17, government directed the Museum to: work in collaboration with stakeholders to provide world class visitor experiences; support the implementation of the Province's plan to grow the creative economy; continue implementation of the new learning strategy by developing and successfully delivering at least one new digital engagement program; address relevant Truth and Reconciliation Commission recommendations related to museums and archives in future programming and planning; and pursue opportunities to represent British Columbia's unique history in Canada's 150th Anniversary of Confederation in 2017. Appendix B summarizes the Museum's achievements in responding to these directives.

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 Royal BC Museum is committed to the intent of the [Taxpayer Accountability Principles](#) (TAP) and has incorporated TAP measures into practices, procedures and operations, which included the following action items during fiscal 2016/17:

- Quarterly meetings of the Minister and Chair, and monthly meetings between the Deputy Minister and CEO, to discuss strategic priorities, performance measures and emerging opportunities.
- Weekly contact between Royal BC Museum staff and Government Communications and Public Engagement to highlight media interest and regular meetings to ensure alignment on communications and support on public engagement opportunities.
- Frequent meetings between CEO, Executive, Department Heads and all staff to ensure alignment of day-to-day activities as they pertain to the corporate strategy and strategic plan.
- Meeting government's requirements for communication, orientation and training regarding the accountability framework (action item 9).¹

The Museum continues to implement and refine the TAP action items, including through the ongoing conduct of orientation, and training for new and existing Board members, executive and staff.

The Royal BC Museum provides value to taxpayers well beyond its doors, including contributing to the government's new education curriculum, the *BC Jobs Plan*, the Gaining the Edge 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*. Museum expenditures and spending by visitors to southern Vancouver Island, primarily to see a Royal BC Museum exhibition, were estimated to account for \$47.4 million of B.C.'s GDP in 2016/17.

¹ Recent examples include making presentations on the fundamentals and responsibilities of TAP at all-staff meetings and providing mandatory Standards Of Conduct training for new staff during onboarding as well as regular review by existing staff.

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



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

Susan Knott
Board Chair



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

Jack Lohman CBE
Chief Executive Officer

Purpose of the Organization

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

In 2016, the Royal BC Museum celebrated 130 years as preserver and interpreter of the history of British Columbia and its peoples. The Museum also has a role in generating tourism-related jobs and presenting B.C. culture and history abroad.

Strategic Direction and Context

Government's 2016/17 *Mandate Letter* directed the Museum to strengthen accountability and promote cost control, to implement priority actions noted in the *Taxpayer Accountability Principles Addendum* and to take the specific actions related to the goals outlined in Appendix B.

Close to 46 per cent of Royal BC Museum's operational budget is funded by admissions revenue, philanthropic contributions, rentals and other service revenue streams. Uncertainty about visitor numbers and their discretionary spending makes annual financial planning challenging. For this reason, the Museum continues to seek ways to diversify and increase revenue sources, including hosting exhibitions that appeal to a wide audience. Many exhibitions take several years to develop, making it challenging to plan for sudden changes in the global tourism market.

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

Key financial and operational challenges include the costs of repairing aging infrastructure and the associated risks to collections, as well as the costs for digitization and storage. A stable annual grant from the Province ensures that the Royal BC Museum is able to fulfill its legislated mandate, including assigning funds to maintenance expenditures of approximately \$2.9 million² per year, and other operational activities, including the development of new exhibitions and educational programs, and preservation, care and acquisition of collections.

In 2016/17, in addition to the provincial government grant, the Museum was able to generate additional revenue as a result of increased tourism, programming and services, including very strong attendance at the *Mammoths: Giants of the Ice Age* exhibition. The Royal British Columbia Museum also received new funding for the First Nations Repatriation project.

² This figure includes Buildings Expenditures of \$2.22M, Capital Spending 2016/17 (building projects) \$0.33M and Building Projects (not capitalized, RC85) \$0.35M.

Report on Performance

In 2016/17, the Royal BC Museum met the requirements of the Mandate Letter (Appendix B) and the Taxpayer Accountability Principles action items. The Museum met 11 of its 14 2016/17 targets outlined in the [2016/17–2018/19 Service Plan](#). More detail is provided in the respective discussion sections. In addition, in 2016/17 the Museum accomplished the following:

- Proactive work to address recommendations of the 2015 *Final Report of the Truth and Reconciliation Commission (TRC) of Canada*. The Museum’s focus has been on indigenous education, language and culture, as well as museum-specific recommendations of the TRC final report. This work includes collaboration on exhibitions, events and learning programs. The Museum has also increased indigenous communities’ access to collections. One example of this is adding the ability to display diacritics and other written characteristics of indigenous language to the BC Archives’ collection management system. Close to 35,000 visitors participated on-site in the three-day Aboriginal Cultural Festival in June, which was hosted with Aboriginal Tourism BC. The Museum co-hosted First Nations communities at the first symposium on repatriation – *Indigenous Perspectives on Repatriation: Moving Forward Together* with the First Peoples’ Cultural Council. A new Department Head, Lucy Bell, was hired to lead the newly-established First Nations and Repatriation department.
- The Museum featured the *Mammoths: Giants of the Ice Age* exhibition (created by Chicago’s Field Museum) from May to December 2016. The exhibition featured “Lyuba”, the most intact mummified mammoth in the world, on loan from the Yamalo-Nenets Regional Museum Complex of I.S. Shemanovsky in Russia. To compliment the exhibition, “A Changing Time” in the core gallery was refreshed to highlight BC’s Ice Age story.
- Access to Memory (AtoM), the BC Archives’ collection management system, continues to evolve, and offers users access to more than a million records. Integrated Museum Management (IMM), the museum collection management system, continues to be populated; currently over half of the disciplines and the public search functions are available.
- The Museum implemented an internal research strategy, which aligns research with strategic priorities, and a digital strategy, which charts the digital future for the Museum and Archives.
- Publication highlights for 2016/17 included: publishing *The Sustainability Dilemma*; featuring Royal BC Museum titles at the London and Frankfurt book fairs; and changing book distributors to increase the reach and scope of the publishing program.
- The Museum has incorporated Taxpayer Accountability Principles measures into practices and procedures and all Board members and executive are in compliance with requirements outlined in the Mandate Letter.

Goals, Strategies, Measures and Targets

The Museum contributes to government’s goal of a prosperous economy by creating jobs, increasing tourism and helping to build B.C.’s reputation abroad by:

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

Goal 1: Create a Unique Royal BC Museum and Archives

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

Strategies

In 2016/17, the Museum employed the following strategies to achieve Goal 1:

- Repurposing Clifford Carl Hall into a vibrant community space, and continuing to build and showcase definitive collections, giving all visitors a richer, world-class experience.
- Providing vibrant temporary exhibitions, including the 2016 feature exhibition *Mammoths: Giants of the Ice Age*.
- Expanding outreach efforts, to build the Museum’s audience and reputation, which included travelling exhibitions throughout B.C., such as the *Species at Risk* exhibition’s visit to Vancouver Island, the Lower Mainland and the Kootenays.
- Advancing the Museum’s international strategy by strengthening cultural relationships, developing collaborative exhibitions and staff exchanges, and supporting international trade.
- Addressing relevant Truth and Reconciliation Commission recommendations related to museums and archives with guidance from the First Nations Advisory Council.

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

Performance Measure 1: Visitor volume on site

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Number of on-site visitors, in millions (M) ¹	0.65 M	0.79 M	0.79 M	0.88 M	0.77 M	0.67 M	0.71 M

Data Source: Finance & Procurement reporting systems. Ticketed visitors to the museum and IMAX are counted automatically by entrance systems. Data is tightly controlled and reliable. Non-ticketed visitor numbers are recorded manually via registration for events/courses and by head counts at events. (Non-ticketed visitors accounted for 10.4 per cent of the overall total in 2016/17.)

¹ Targets for 2017/18 and 2018/19 have been updated to reflect the 2017/18-2019/20 Service Plan.

Discussion

- Visitor volume is a key indicator of effective museum and archives services. Figures include:
 - Paid attendance: tickets sold (including family and individual membership);
 - Complimentary attendance;
 - School groups, visits to the collections and archives, tours, courses, lectures and people attending private events in gallery-rented space;

- Visits to events including events hosted by third parties; and
- IMAX visits (these account for about 300,000 visitors a year, for which the Museum provides services and amenities; combined Museum/IMAX tickets are counted as a single visit to the museum).
- Overall visitor volume on site, as reported, declined in 2016/17 due to a refinement of data capture and measurement methods which removed the inclusion of visitors to the Food Truck Festival. This accounted for a reduction of 0.06 M compared to 2015/16 and a reduction of 0.09 M compared to the 2016/17 target. Offsetting this decline was an increase in ticketed attendance in 2016/17 of 0.04 M largely due to the success of the *Mammoths: Giants of the Ice Age* exhibition.
- Initiatives such as Community Days (previously known as “Admission by Donation Week”) and providing family memberships to the Greater Victoria Public Library make the museum accessible to low-income British Columbians.

Performance Measure 2: Visitor satisfaction

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Per cent of visitors surveyed satisfied with services ¹	93%	94%	93%	94%	95%	95%	93%

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

¹ Target for 2018/19 has been updated to reflect the 2017/18-2019/20 Service Plan.

Discussion

- This measures the Museum’s ability to provide an inviting and engaging environment. Periodic evaluations are conducted to determine visitor composition, needs, interests and satisfaction. A comprehensive internal visitor service strategy, in partnership with all of the visitor-facing service providers on site, is in place.
- Popular exhibitions such as *Mammoths: Giants of the Ice Age* often increase visitor satisfaction, and therefore may have positively influenced the Museum’s visitor satisfaction levels in 2016/17.

Performance Measure 3: Attendance at learning programs and events

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Number of people at our learning programs/events ¹	82,695	85,218	147,808	126,000	144,831	163,000	171,250

¹ Targets for 2017/18 and 2018/19 have been updated to reflect the 2017/18-2019/20 Service Plan.

Discussion

- Note that these numbers are already included in the overall visitor count.
- This measurement shows the extent to which visitors engaged in a unique Royal BC Museum experience. Learning programs and events support the Museum's legislated mandate to educate people about B.C.'s natural and human history. They also support government's direction to continue implementing the comprehensive learning strategy.
- Attendance at learning events is a meaningful measure of progress toward the goal of being a unique Royal BC Museum, as it deepens the visitor experience.
- Attendance at in-gallery and off-site learning program "animations" (volunteer-led, non-ticketed activities) boosted 2016/17 actual measurements beyond the 2016/17 target figure. In-gallery animation numbers benefitted from the summertime popularity of the *Mammoths: Giants of the Ice Age* exhibition. Off-site animations, such as showcasing the *Species at Risk* travelling exhibition at Car-Free Day and Canada Day, benefitted from high visitor numbers drawn to these festivities.

Goal 2: *Strengthen our digital infrastructure and reputation*

Digital presence is the virtual face of the museum and archives, supporting the Museum's reputation and by extension, that of British Columbia. Online visitor volume is an indicator of success in becoming a modern, accessible museum and archives.

The Museum continues to look for synergies with digitizing partners, like the Google Cultural Institute. Volunteers also support digitization through Learning Portal playlists and volunteer digitization stations in the museum and archives. Activities like these provide broader access to the Museum's collection, preserve fragile or at-risk records, and grow the opportunity to generate revenue through licensing and image sales.

Digitization supports preservation, the cost-efficiency and service aspects of the Taxpayer Accountability Principles and our legislated mandate to serve as an educational institution.

Strategies

In 2016/17, the Museum employed the following strategies to achieve Goal 2:

- Developing and implementing a digital strategy, and continuing to produce an array of virtual programs.
- Making significant progress in launching the final modules of the Integrated Museum Management System; the Museum will continue to address this priority in 2017/18.
- Implementing and improving online access systems and continuing to enlarge the Access to Memory (AtoM) database (currently at one million records).
- Processing and making publicly accessible the first 3,000 (of a total 33,000) boxes of Government records transferred to the Royal British Columbia Museum and Archives.
- Creating a portal for research projects led by the Royal British Columbia Museum and Archives and for projects by outsiders researching material related to the collections.
- Creating a portal for material relating to First Nations.
- Supporting ongoing development of the Learning Portal and the Learning Strategy digital engagement program.

- Launching the school Digital Visits program designed for teachers and students on the B.C. mainland, offering sessions with museum staff Skyped directly to classrooms in support of B.C.’s educational curriculum.

Performance Measure 4: Visitor volume online

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Total visitors to website, in millions (M) (does not include Learning Portal)	2.4 M page views 0.81 M sessions	5 M page views 1.2 M sessions	5.1M page views 1.1 M sessions	5.2 M page views 1.3 M sessions	7.3 M page views 1.6 M sessions	5.3 M page views 1.5 M sessions	5.4 M page views 1.7 M sessions
Total visitors to Learning Portal, in thousands (K)	N/A	N/A	108.7 K page views 15.3 K sessions	113.0 K page views 15.9 K sessions	78.5 K page views 16 K sessions	117.6 K page views 16.5 K sessions	122.3 K page views 17.2 K sessions

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

Discussion

- Visitor volume online is a key indicator of digital success and of the Museum’s reputation as a modern, accessible museum. It also shows the growing strength of the Museum’s digital infrastructure.
- The substantial increase in page views and sessions to the website (not including the Learning Portal) in 2016/17 resulted from the BC Archives’ publically searchable database being available for the full year rather than six months, as was the case in the previous year. As well, the database experienced better-than-expected performance as public interest grew.
- Although page views to the Learning Portal are lower than targeted, the number of sessions, a better indication of user uptake and value, is up by 5%. Last year Learning staff added significant programming with the new playlists feature; visitors are subsequently having longer sessions and greater interaction with content, rather than broad exposure. Additionally, many content portals experience a bell curve over a 2-3 year period. The bell curve of visitor interest rises in the first year or two while the site is novel and media is interested, and broad interest (indicated by the page views statistic) may falter or plateau without ongoing promotion.

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

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

Strategies

In 2016/17, the Museum employed the following strategies to achieve Goal 3:

- Developing the Royal British Columbia Museum and Archives Collection Strategy, an internal document that will be implemented as policy.
- Introducing incremental preservation and conservation steps as budgets allow.
- Implementing a new Research Strategy, an internal document aligning research with strategic priorities and focussing on objects in the collections, by providing greater depth and context for exhibitions and galleries.
- Pursuing opportunities to ensure British Columbia’s unique history is represented throughout the province to support Canada’s 150th anniversary in 2017.

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

Performance Measure 5: Protection of Royal British Columbia Museum and Archives collections

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Collection Risk Management Index (CRMI) ¹ score	82%	80%	80%	80%	80%	80%	80%

Data Source: The Royal British Columbia Museum and Archives.

¹ The CRMI score refers to the number of outstanding risks as a percentage of those originally identified in the Royal British Columbia Museum and Archives’ comprehensive collections risk assessment. All of the outstanding risks pertain to the fabric, structure and environment of the collections building. To improve the CRMI score (and lower the figure below 80%), major earthquake and flooding risks and environmental conditions that meet international standards need to be addressed. All other incremental improvements previously identified within the Collection Risk Management Plan have been completed.

Discussion

- A fourth Collections Risk Assessment was completed in 2015. The assessment follows the Canadian Museum of Nature’s Cultural Property Risk Analysis Model methodology, the international standard. While the Museum maintains a rating of 80% risk mitigation, an improved score will not be attained until major earthquake, flooding, collections storage and preservation risks are addressed to provide environmental conditions that meet international standards.

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

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

Strategies

In 2016/17, the Museum employed the following strategies to achieve Goal 4:

- Strengthening and diversifying the Museum's funding base.
- Developing an array of business strategies for key commercial opportunities, such as updating venue rental pricing, licencing fees for museum and archives materials, collaborations with third parties on program delivery, and rental of collections to other organizations.
- Creating enhanced community spaces to generate revenue; for example, through festivals and events such as Food Trucks and expanding the function of Clifford Carl Hall by refreshing the space and hosting travelling exhibitions; the repurposing of the archives reading room has been postponed as the Museum focusses on other improvements.
- Increasing philanthropic investment by increasing prospect research, increasing donor engagement with our patrons group, developing our case for investment materials and communicating with key business leaders about the long-term plans of the institution.
- Raising awareness of the value of the Museum's collections.
- Building community support through a wide range of community initiatives, including co-hosting a symposium on repatriation of First Nations cultural belongings and ancestral remains, sending staff to provide free lectures and workshops in Northeastern BC, engaging with the Punjabi Canadian community on the Centre of Arrivals project, welcoming new immigrants in special programs and inviting the public to view original Emily Carr paintings to celebrate the Museum's 130th anniversary.
- Increasing and enhancing the volunteer program. The Royal BC Museum expanded its volunteer base by recruiting more youth volunteers and working with more community partners in the youth sector. For example, the museum entered into a partnership with St. Margaret's School in September 2016.
- Increasing earned and in-kind media coverage by meeting new media contacts at international events like GoMedia 2016, strengthening existing relationships with local, national and international media and leveraging the strength and popularity of the *Mammoths: Giants of the Ice Age* exhibition with advertisers.
- Increasing income from grants, sponsorship and donations, primarily due to provincial funding provided for the First Nations Repatriation project.
- Strengthening and growing relationships in communities throughout British Columbia through initiatives like travelling exhibitions and by hosting and providing expertise to the BC Museums Association. For example, the Museum developed relationships by visiting Northeast BC as part of the Peace stewardship project and sending the travelling exhibition *Species at Risk* to Vancouver Island, the Lower Mainland and the Kootenays.
- Continuing the internal human resource strategy, which links performance management with training and development, and aligns skills with organizational priorities and succession planning. For example, all employee work plans include goals directly linked to organizational priorities; through the Museum's performance management process, high potential and high performing employees are identified and provided options to further develop their skills through participating in a training and development program supporting leadership competencies; for employees close

to retirement/departure, the performance management process supports knowledge transfer activities.

Performance Measure 6: Revenue earned from operations

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Revenue from operations, in millions (M) ^{1, 2}	\$7.5 M	\$8.7 M	\$8.1 M	\$8.6 M	\$10.0	\$8.0 M	8.6 M

Data Source: Royal British Columbia Museum and Archives’ financial reporting systems. Projections allow for necessary additional revenues to cover inflation.

¹ For the purposes of this measure, revenue earned from operations includes admission revenues and revenues from all other sources except the Province of BC operating contributions. Note that costs for special exhibitions can vary significantly; this has a significant impact on the net return.

² Targets for 2017/18 and 2018/19 have been updated to reflect the 2017/18-2019/20 Service Plan.

Discussion

- With a large part of the budget reliant on admissions revenues, a major focus has been presenting exhibitions, programs and events that will attract increasing numbers of visitors. Revenue from admissions exceeded expectations in 2016/17, closing \$0.398 million over budget, approximately 7.5% above target. This can be partially attributed to the popularity of the *Mammoths: Giants of the Ice Age* exhibition.
- At the same time, the Museum has been working to build other revenue streams from operations. These efforts are reflected under “Other income” in the Financial Resource Summary Table. Other income includes revenue from donations, sponsorships, programs, leases, services and sales among other items. Other income was \$0.454 million over budget, primarily due to provincial funding provided for the First Nations Repatriation project.

Performance Measure 7: Community support

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Number of volunteer hours ¹	36,000	46,222	45,888	46,250	46,753	46.2 K	46.2 K
Value of media, both in-kind and earned, in millions (M) ^{2, 3}	in-kind: \$1.36 M earned: \$1.22 M	in-kind: \$0.75 M earned: \$0.49 M	in-kind: \$0.82 M earned: \$0.68 M	in-kind: \$0.35 M earned: 0.54 M	in-kind: \$0.78 M earned: \$0.85 M	in-kind: \$0.45 M earned: \$1.0 M	in-kind: \$0.55 M earned: \$1.0 M
Donations (cash & in-kind) and grants, in millions (M)	\$0.75 M	\$0.89 M	\$0.91 M	\$0.80 M	\$0.88 M	\$0.85 M	\$0.9 M

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

¹ Targets for 2017/18 and 2018/19 have been abbreviated to reflect the 2017/18-2019/20 Service Plan.

² Targets for 2017/18 and 2018/19 have been updated to reflect the 2017/18-2019/20 Service Plan.

³ Earned media value is based on the amount it would cost to purchase the equivalent space/time for the published article (no multipliers included). In-kind media refers to the value of all additional advertisements or advertorials provided by media at no cost. Targets for earned media have increased from previous years due to the high success rate and strong efforts of staff to gain media coverage for the museum. The calculation process for earned media was reviewed and updated to align with current communications industry best-practices. The results for 2015/16 onward reflect the more accurate process.

Discussion

- The Royal BC Museum surpassed its 2016/17 targets for earned media value by generating media interest in the *Mammoths: Giants of the Ice Age* exhibition, the return of Huu-ay-aht cultural treasures, the display of the Esso-X car and Douglas Treaties translations and the repatriation symposium. 2016/17 in-kind media results were high fundamentally because the Royal BC Museum was able to leverage strong support in and interest about the *Mammoths: Giants of the Ice Age* exhibition within the marketing industry.
- The Royal BC Museum surpassed its 2016/17 targets for the number of volunteer hours in part by recruiting more youth volunteers and working with more community partners in the youth sector.
- Most grants and donations of cash/securities for the museum flow through the Royal BC Museum Foundation, and are transferred to the museum as revenue (i.e. a contribution) toward the cost of a particular purpose, a current or future exhibition or a planned capital project. Donations identified in the performance measure reports may not be directly reflected in revenues for a specific year. Corporate sponsorships do not flow through the Foundation. In 2016/17, these totaled \$123,250, not including in-kind sponsorships.

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

The Royal British Columbia Museum and Archives has a unique role in building mutually beneficial relationships with diverse cultural communities and with institutions worldwide, including museums, archives and academia. These relationships support government's goal for multiculturalism and international trade; and they help to showcase B.C.'s rich diversity, and position the province as a source of innovation and global networking. One key to long-term success is our ability to establish relationships with other cultural institutions and private collectors for general programming and in relation to supporting First Nations communities in repatriation efforts.

Government's 2016/17 Mandate Letter included direction to further develop the Royal British Columbia Museum and Archives China strategy, which promotes collaborative research, collections, exhibition and staff exchange. These cultural relationships support government's tourism strategy and the implementation of the Province's plan to grow the creative economy.

Strategies

In 2016/17, the Museum employed the following strategies to achieve Goal 5:

- Continuing to develop and implement the internal international strategy.
- Continuing to exchange expertise with China, and exploring options for future exhibition loans.
- Deaccessioning Manchukuo books from the Museum's collection and presenting them as a gift to Nanjing, China.

- Establishing and maintaining relations with international counterparts and regions around the world.
- Continuing to contribute to the Landscapes of Injustice project, a seven-year research project examining the dispossession of Japanese-Canadians during WWII.
- Preparing the exhibition *First Nations Masterworks* for display in Colombia in 2017/18.

Performance Measure 8: International Attendance.

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Number of people visiting RBCM travelling exhibits abroad, in millions (M)	NA	0.045M	1.09M	0.45M	0.16M	0.45M	0.45M

Data Source: Royal British Columbia Museum and Archives Registrar records.

Discussion

- The number of visitors to travelling exhibitions is a direct measure of people abroad who are exposed to BC human history, natural history and culture. This helps build awareness of, and respect, for the province.
- The 2016/17 actual figure is lower than anticipated due to the fact that the travelling exhibition *First Nations Masterworks* for display at the Museo del Oro in Columbia was postponed to 2017/18.
- Additionally, the Royal BC Museum loaned an Emily Carr painting to Musée d’Orsay as part of an exhibition by the Art Gallery of Ontario. As the exhibition is open from March-June 2017, the Royal BC Museum has included attendance numbers from March 14-31, 2017.

Financial Report

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

Discussion of Results and Financial Report Summary Table

Highlights

The Royal BC Museum had a very successful fiscal year. Museum admission fees were strong due to the success of the *Mammoths* exhibition. Fees were ahead of both budget and prior years. In addition, program funding increased substantially due to funding received from the Province for the new First Nations Repatriation project as well as growth in other rental and service revenue streams. Pressures on expenditures were managed through managed staffing actions, effective cost control of special exhibition expenditures and improved budget reporting and management of funded projects which led to improved funding and better cost management.

Variance and Trend Analysis

Comparison of 2016/17 Actual Results with 2015/16 Actual Results

Net income for 2016/17 was \$27,857 compared with \$29,776 in 2015/16.

Revenues

Gross revenues were \$21.9 million (\$19.9 million in 2015/16). The annual operating grant from the province of \$11.9 million (\$11.8 million in 2015/16) represented 54% of revenues (59% in 2015/16). Museum admission fees of \$5.7 million (\$4.5 million in 2015/16) provided 26% of revenues (23% in 2015/16) and other income of \$4.3 million (\$3.6 million in 2015/16) provided 20% of revenues (18% in 2015/16).

Museum admission fees fluctuate from year to year depending on visitor interest in the special exhibition, the economic climate and the weather. Admissions fees increased by \$1.2 million over the prior year due to the tremendous success of the *Mammoths: Giants of the Ice Age* exhibition as well as a weak Canadian dollar.

Other income includes grants, sponsorships, property leases, royalties, and other income earned from programs. Other income increased by \$0.695 million over the prior year primarily due to \$0.441 million in new Provincial funding for the First Nations Repatriation project reported in the current year, \$0.175 million in additional programs, services and miscellaneous revenue as well as \$0.055 million in additional property rental leases.

Expenditures

Total operating expenses were \$21.8 million (\$19.9 million in 2015/16). Salaries and benefits of \$9.5 million (\$9.1 million in 2015/16) represented 43% of total expenses (46% in 2015/16). Special

exhibitions' expenses of \$2.1 million (\$1.6 million in 2015/16) represented 10% of total expenses (8% in 2015/16) and the remaining operating expenses of \$10.2 million (\$9.2 million in 2015/16) represented 47% of total expenses (46% in 2015/16).

Salaries and benefits increased by \$0.396 million over the prior year due to wage increases provided in the collective agreement for unionized staff. In addition, positions were filled during the year that had remained vacant in 2015/16.

Special exhibitions' expenses vary each year depending on the number of exhibitions hosted, the size of the exhibition and whether the exhibition was rented or developed and built in house. These expenses increased by \$0.529 million over the prior year primarily due to expensing both rental costs for the summer 2016 *Mammoths: Giants of the Ice Age* exhibition and initial expenses incurred to design and build the summer 2017 *Family: Bonds & Belonging* exhibition.

The Royal BC Museum's total operating expenses, excluding salaries and benefits and special exhibitions, increased by \$0.995 million over the prior year. Changes by expenditure category are as follows and are summarized in the Financial Report Summary Table:

- Building costs were relatively constant at \$2.184 million (\$2.296 million in 2015/16);
- Amortization expense was \$0.869 million (\$0.918 million in 2015/16). This expense was reduced due to a lower net book value of assets available for amortization in 2016/17;
- Security expenses were relatively constant at \$0.858 million (\$0.855 million in 2015/16);
- Grant in Lieu of Taxes, City of Victoria were relatively constant at \$0.65 million (\$0.672 million in 2015/16); and
- Other operating costs were \$5.660 million (\$4.485 million in 2015/16). 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 by \$1.2 million over the prior year primarily due to \$0.441 million in costs associated with the new First Nations Repatriation project expensed in the current year as well as a donation made to the Royal BC Museum Foundation.

Comparison of 2016/17 Actual Results with 2016/17 Budget

Net income for 2016/17 was \$27,857 compared with a budget of \$56,586.

Revenues

Gross revenues of \$21.9 million were \$0.852 million over budget.

Museum admission fees of \$5.7 million were \$0.398 million over budget due to the success of the *Mammoths: Giants of the Ice Age* exhibition during the current year.

Other income of \$4.3 million was \$0.454 million over budget primarily due to provincial funding received for the new First Nations Repatriation project.

Expenditures

Salaries and benefits of \$9.5 million were \$0.316 million under budget due to hiring lags.

Special exhibitions' expenses of \$2.1 million were \$0.037 million over budget largely due to building costs for the *Family: Bonds & Belonging* exhibition arising in the current year.

Total operating costs, excluding salaries and benefits and special exhibitions, of \$10.2 million were \$1.2 million over budget primarily due to \$0.441 million in costs associated with the new First Nations Repatriation project that were reported in the year as well as a donation made to the Royal BC Museum Foundation which was not in the budget.

Risks and Uncertainties

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

Key financial and operational challenges include the costs of repairing our aging infrastructure and the associated risks to our collections, as well as the costs for digitization and storage.

Summary Financial Results

The following financial report summary table and discussion of results provides management's perspective on the financial condition and the year-end financial results to March 31, 2017 for the Royal BC Museum Corporation. This analysis should be read in conjunction with the audited financial statements and related notes for the fiscal year. The financial information provided in this analysis is presented in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) except in regard to the accounting treatment of government transfers and restricted contributions, which is accounted for in accordance with the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Financial Report Summary Table

IN \$000s	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Budget	2016/17 Actual	2016/17 Variance More (less) than budget	2015/16- 2016/17 Variance More (less) than prior year
Operating Revenue							
Province of BC operating contributions	11,866	11,866	11,813	11,866	11,866	-	53
Museum admission fees	3,604	5,148	4,539	5,311	5,709	398	1,170
Other income	3,931	3,570	3,596	3,837	4,291	454	695
Total Revenue	\$ 19,401	\$ 20,584	\$ 19,948	\$ 21,014	\$ 21,866	\$ 852	\$ 1,918
Operating Expenses							
Salaries and benefits	8,303	8,604	9,097	9,809	9,493	(316)	396
Building costs	2,217	2,186	2,296	2,124	2,184	60	(112)
Amortization	1,204	1,176	918	952	869	(83)	(49)
Security	934	819	855	881	858	(23)	3
Grant in Lieu of Taxes - City of Victoria	654	639	672	683	650	(33)	(22)
Special exhibitions	1,215	1,576	1,595	2,087	2,124	37	529
Other operating costs	4,852	5,536	4,485	4,421	5,660	1,239	1,175
Total Expenses	\$ 19,379	\$ 20,536	\$ 19,918	\$ 20,957	\$ 21,838	\$ 881	\$ 1,920
Net Income from Operations	\$ 22	\$ 48	\$ 30	\$ 57	\$ 28	\$ (29)	\$ (2)
Capital Expenditures							
Total Capital Expenditures	\$ 501	\$ 1,583	\$ 296	\$ 654	\$ 550	\$ (104)	\$ 254
Debt							
Total Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Surplus							
Total Accumulated Surplus	\$ 12,901	\$ 12,949	\$ 12,979	\$ 13,036	\$ 13,007	\$ (29)	\$ 28

(Note: The 2016/17 Budget column shown is the Board approved budget, which appears in the audited financial statements. The budget was approved after the 2016/17 Service Plan targets were published for fiscal 2016/17, to take into consideration updated information).

Audited Financial Statements and Auditor's Report

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2017

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
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ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

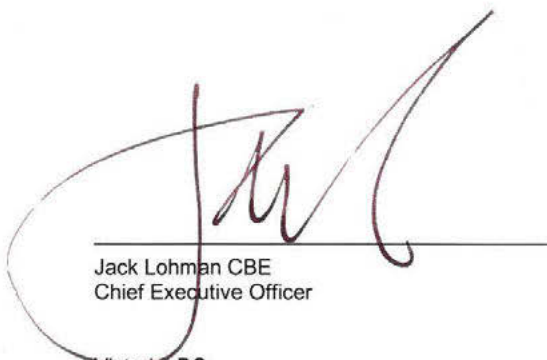
MANAGEMENT'S REPORT

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

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

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

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



Jack Lohman CBE
Chief Executive Officer

Victoria, BC
May 11, 2017



Melissa Sands CPA, CA
Executive Financial Officer



Independent Auditors' Report

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

We have audited the accompanying financial statements of the Royal British Columbia Museum Corporation, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Royal British Columbia Museum Corporation as at March 31, 2017, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the accounting requirements of Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of matter

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

Victoria, Canada
May 11, 2017

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

Chartered Professional Accountants

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

	2017	2016
Financial Assets		
Cash and cash equivalents (Note 2(b))	\$ 4,409,659	\$ 3,026,131
Accounts receivable	586,531	648,619
	4,996,190	3,674,750
Financial Liabilities		
Accounts payable and accrued liabilities	4,085,063	2,562,903
Leave liability (Note 2(i))	388,589	364,557
Deferred revenue (Note 7)	1,361,744	2,123,208
Deferred capital contributions (Note 8)	9,115,562	9,739,966
	14,950,958	14,790,634
Net Financial Debt	(9,954,768)	(11,115,884)
Non-Financial Assets		
Tangible capital assets (Note 10)	22,840,646	23,580,999
Prepaid expenses	121,213	514,119
	22,961,859	24,095,118
Accumulated Surplus	\$ 13,007,091	\$ 12,979,234

Commitments (Note 13)

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

ON BEHALF OF THE BOARD



Director



Director

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

	2017 Budget (Note 4)	2017	2016
Revenues			
Provincial operating contributions	\$ 11,866,000	\$ 11,866,000	\$ 11,812,885
Museum admission fees and memberships	5,310,971	5,708,590	4,538,575
Grants and sponsorships	1,838,869	1,860,282	1,470,113
Property leases	801,831	923,716	868,613
Programs, services and miscellaneous	566,787	667,030	491,846
Amortization of deferred capital contributions (Note 8)	630,000	624,404	631,360
Donated collections and artifacts (Note 2(g))	-	215,682	135,047
	21,014,458	21,865,704	19,948,439
Expenses			
Salaries and benefits	9,808,977	9,492,643	9,097,392
Building costs	2,124,156	2,184,306	2,296,025
Amortization	952,052	869,412	918,421
Security	881,418	857,612	855,475
Taxes, City of Victoria	683,310	650,489	671,527
Special exhibitions (Note 9)	2,086,888	2,124,300	1,595,436
Systems and telecommunications	824,929	827,151	898,863
Professional services	985,377	521,767	710,057
Materials and supplies	452,230	406,847	635,497
Offsite Storage	711,000	697,056	691,709
Marketing and communications	332,286	371,836	361,381
Office and business	405,278	592,660	420,153
Insurance	240,000	195,102	204,048
Travel	272,971	297,622	233,735
Bank charges	120,000	126,317	96,723
Collections and artifacts	-	215,682	135,047
Donations (Note 15)	-	1,000,000	
Other	77,000	407,045	97,174
	20,957,872	21,837,847	19,918,663
Annual Surplus	56,586	27,857	29,776
Accumulated Surplus, beginning of year	12,979,234	12,979,234	12,949,458
Accumulated Surplus, end of year	\$ 13,035,820	\$ 13,007,091	\$ 12,979,234

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

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

	2017 Budget (Note 4)	2017	2016
Annual Surplus	\$ 56,586	\$ 27,857	\$ 29,776
Acquisition of tangible capital assets	(654,000)	(550,236)	(295,375)
Amortization of tangible capital assets	1,264,869	1,290,589	1,388,193
	667,455	768,210	1,122,594
Acquisition of prepaid expense	-	(622,206)	(348,977)
Use of prepaid expense	-	1,015,112	86,723
	-	392,906	(262,254)
Change in net debt	667,455	1,161,116	860,340
Net debt, beginning of year	(11,115,884)	(11,115,884)	(11,976,224)
Net debt, end of year	\$ (10,448,429)	\$ (9,954,768)	\$ (11,115,884)

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

	2017	2016
OPERATING ACTIVITIES		
Annual Surplus	\$ 27,857	\$ 29,776
Items not affecting cash:		
Amortization	1,290,589	1,388,339
Deferred capital contributions	(624,404)	(631,360)
Changes in non-cash capital:		
Accounts receivable	62,088	(274,151)
Prepaid expenses	392,906	(262,254)
Accounts payable and accrued liabilities	1,522,160	(358,336)
Leave liability	24,032	57,151
Deferred revenue	(761,464)	297,158
Cash from operating activities	1,933,764	246,323
INVESTING ACTIVITIES		
Cash used to purchase tangible capital assets	(550,236)	(295,521)
Cash from (used for) investing activities	(550,236)	(295,521)
Increase (decrease) in cash and cash equivalents	1,383,528	(49,198)
Cash and cash equivalents, beginning of year	3,026,131	3,075,329
Cash and cash equivalents, end of year	\$ 4,409,659	\$ 3,026,131

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, 2017

1. Nature of operations

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

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

2. Summary of significant accounting policies

(a) Basis of presentation

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

(b) Cash and cash equivalents

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

(c) Financial instruments

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

(d) Revenue recognition

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

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

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Summary of significant accounting policies continued

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

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

(e) Tangible capital assets

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

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

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

(f) Deferred contributions

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

(g) Collections

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

Summary of significant accounting policies continued

(h) Volunteers

During the year, volunteers contributed approximately 46,000 (2016: 45,888) hours in support of the Corporation. Their activities include guided gallery tours and a variety of programs that enrich the visitor's experience at the Corporation and its profile in the community. Due to the complexities involved in valuing these services, they have not been reflected in the financial statements.

(i) Employee benefit plans

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

The Corporation annually contributes through the Provincial Government payroll benefit plan for specific termination benefits and employee benefits as provided for under collective agreements and conditions of employment. The benefit charge back rate that the Corporation pays through the Provincial Government is currently 24.3% (2016: 24.8%). Costs of future benefits are recognized as an expense in the year that contributions are paid.

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

(j) Use of estimates

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

3. Statement of Remeasurement

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

4. Budget

Budgeted figures provided in these statements were approved by the Board on June 2, 2016.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

5. Emphasis of Matter

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

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

	2017 Increase/ (Decrease)	2016 Increase/ (Decrease)
Statement of Financial Position		
Deferred capital contributions	\$ (9,115,562)	\$ (9,739,966)
Accumulated Surplus	\$ 9,115,562	\$ 9,739,966
Statement of Operations		
Amortization of deferred capital contributions	\$ (624,404)	\$ (631,360)
Annual (Surplus) deficit	\$ (624,404)	\$ (631,360)

6. Financial risk management

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

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

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

Credit Risk: Receivable balances consist primarily of trade receivables. At the financial statement date, 5% of the accounts receivable balance is past due and none is considered to be impaired. As such the Corporation is not exposed to significant credit risk.

7. Deferred revenue

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

	2017	2016
Operating projects (restricted)	\$ 884,519	\$ 1,725,139
Other	477,225	398,069
Total	\$ 1,361,744	\$ 2,123,208

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

8. Deferred capital contributions

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

	Balance at March 31, 2016	Additions/ transfers	Amortized to revenue	Balance at March 31, 2017
Provincial government	\$ 4,876,434	\$ -	\$ 147,791	\$ 4,728,643
Federal government	3,036,925	-	165,137	2,871,788
Other	1,826,607	-	311,476	1,515,131
Total	\$ 9,739,966	\$ -	\$ 624,404	\$ 9,115,562

9. Special exhibitions

The Corporation hosts temporary exhibitions to provide a window on the world and encourage repeat visitation. Costs allocated to special exhibitions are those additional costs which are directly incurred to host the exhibition. Professional service contract expenses include exhibition loan fees where applicable. In fiscal year 2017 these costs included the following exhibitions: *Mammoths: Giants of the Ice Age*, *Terry Fox: Running to the Heart of Canada*, *Family: Bonds & Belongings*.

	2017	2016
Salaries and benefits	\$ 176,737	\$ 159,636
Professional service contracts	68,553	170,379
Amortization	421,177	469,126
Marketing and communications	288,731	324,611
Materials and supplies	925,169	252,837
Other	243,933	218,847
Total	\$ 2,124,300	\$ 1,595,436

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

10. Tangible capital assets

Cost	Balance at March 31, 2016		Additions	Disposals	Balance at March 31, 2017	
Land	\$	12,510,140	\$	\$	\$	12,510,140
Permanent exhibitions *		2,671,025				2,671,025
Operating equipment		593,240				593,240
Hardware and software		2,535,697	252,193			2,787,890
Furniture		31,340				31,340
Buildings and improvements		12,464,621	298,043			12,762,664
Total	\$	30,806,063	\$ 550,236	\$ -	\$	31,356,299

Accumulated Amortization	Balance at March 31, 2016		Amortization	Accumulated Amortization on Disposals	Balance at March 31, 2017	
Land	\$	-	\$	\$	\$	-
Permanent exhibitions		1,658,971	500,688			2,159,659
Operating equipment		448,834	72,024			520,858
Hardware and software		1,872,360	167,458			2,039,818
Furniture		26,371	3,312			29,683
Buildings and improvements		3,218,528	547,107			3,765,635
Total	\$	7,225,064	\$ 1,290,589	\$ -	\$	8,515,653

Net Book Value	Balance at March 31, 2016		Balance at March 31, 2017	
Land	\$	12,510,140	\$	12,510,140
Permanent exhibitions		1,012,054		511,366
Operating equipment		144,406		72,382
Hardware and software		663,337		748,072
Furniture		4,969		1,657
Buildings and improvements		9,246,093		8,997,029
Total	\$	23,580,999		\$22,840,646

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

11. Collections

The Corporation conducts a Collections Risk Assessment every five years to assess the overall risk of deterioration, loss and to 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 2017 fiscal year, the Corporation de-accessioned 16 batches (2016: 11) and accessioned 188 batches (2016: 247) to its collections through the acquisition, purchase and accessioning process. The collections are valued at \$150 million for insurance purposes.

12. The Royal British Columbia Museum Foundation

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

The Foundation has internally restricted funds of approximately \$4,759,000 (2016:\$3,284,000), which are reserved for specific projects for transfer to the Corporation in future years.

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

	2017	2016
Funding for non-capital projects	\$ 48,988	\$ 680,023
Gift shop royalties	-	-
Purchase of goods and services	45,791	54,879
Total	\$ 94,779	\$ 734,902

As at March 31, 2017, \$63,956 is due from the Foundation to the Corporation and is included in the accounts receivable (2016: \$213,396).

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

	2017	2016
Donations	\$ 1,000,000	\$ 122,262
Purchase of goods and services	3,313	3,280
Total	\$ 1,003,313	\$ 125,542

As at March 31, 2017, \$1,124 is due from the Corporation to the Foundation (2016: \$29,211)

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, 2017

13. Commitments

Operating Agreement

The Corporation entered into a Theatre Operating Agreement in 1998 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.

Property Management Contract

The Corporation entered into a 5 year service agreement for the provision of building management and maintenance services expiring March 31, 2020. Under the terms of the agreement, the Corporation will pay annual management fees based on 14% of the preventive and maintenance budget (2018 budget: \$335,000). Although the preventive and maintenance budget will likely change over time, the direction and amount of change cannot be estimated with certainty. Forecasting property management costs based on current budget levels result in the following obligations:

2018	\$	46,900
2019		46,900
2020		46,900
Total	\$	140,700

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

Information Technology Support Contract

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

2018	\$	127,686
Total	\$	127,686

Security Contract

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

2018	\$	822,072
2019		838,513
Total	\$	1,660,585

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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

Exhibition Loan Fees

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

2018	\$	49,953
Total	\$	49,953

Lease Commitments

The Corporation has operating leases to rent warehouse and cold storage space to store and preserve artifacts which expire on April 30, 2020 and January 31, 2022 respectively. Future minimum payments are as follows:

2018	\$	241,212
2019		241,212
2020		241,212
2021		78,990
2022		53,535
Total	\$	856,161

The Corporation is also obligated to cover a proportion of property taxes for the lease expiring in 2020. These costs amounted to \$41,037 in fiscal year 2017.

Additionally, the Corporation will pay for costs incurred by the landlord for accessing, adding or removing pallets from Cold Storage.

14. Related Party Transactions

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

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
Revenue:		
Provincial operating contributions	\$ (11,866,000)	(11,812,885)
Programs, services and miscellaneous	(12,952)	(3,916)
Grants and sponsorships	(365,285)	(149,945)
Expenses:		
Offsite storage	392,425	388,004
Professional services contracts	67,697	45,333
Building costs	657,086	629,324
Insurance	22,500	22,500
Special exhibitions	20,520	-
Systems and telecommunications	166,860	159,504
Marketing and communications	85	-
Materials and supplies	6,280	1,513
Office and business	46,008	40,350
Bank charges	86,818	78,562
Assets (liabilities) at March 31, 2017		
Accounts receivables	301,338	173,990
Accounts payable and accrued liabilities	(2,834,504)	(803,733)
Deferred revenue	(14,200)	(1,000)

15. Donations

A contribution of \$1,000,000 was made to the Royal British Columbia Museum Foundation (the "Foundation") (2016: nil) to assist in funding future museum and archives projects at the Corporation. The contribution is part of a long-standing economic partnership with the Foundation to assist and support provincial museum initiatives and projects through attracting federal and other foundation monies.

Appendix A - Additional Information

Organizational Overview

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

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

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

Governance

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

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

Board of Directors

Susan Knott, Chair; David B. Adams; Wendy King; Raymond Protti; Peeter Wesik; Angela Wesley; Gordon Fitzpatrick; Tewanee Joseph; E. Michael O'Brien; Anuja S. Varshney

Board Committees

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

Senior Management

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

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

Reports and Policy

See royalbcmuseum.bc.ca/about/corporate-information/reports-and-policy/

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

Appendix B - Mandate and Actions Summary

In the 2016/17 Mandate Letter from the minister responsible, the Royal BC Museum received direction on strategic priorities for the 2016/17 fiscal year. These priorities and our resulting actions are summarized below:

Mandate Letter Direction	Action by Royal BC Museum
<p>1. In collaboration with stakeholders, provide world class visitor experiences by promoting special exhibits to support the BC Jobs Plan and the Gaining the Edge tourism strategy, and maximizing utilization of the existing collection by refreshing the permanent galleries.</p>	<ul style="list-style-type: none"> • Hosted the feature exhibition <i>Mammoths: Giants of the Ice Age</i>, which included a refreshed core exhibit in the “Changing Time Gallery”, depicting recent scientific discoveries about BC during the Ice Age. • Continued to add new, freely accessible rotating exhibitions to the Pocket Gallery, exhibiting behind-the-scenes work of Royal BC Museum staff. • Expanded the scope and scale of the “Night Shift” special events, offering adult visitors special access to galleries and museum programming after hours. • Sent the travelling exhibition <i>Species at Risk</i> (year 3) to 23 locations in BC; facilitated the tours of travelling exhibitions (British Columbia’s War 1914-1918; The Franklin Expedition; Gold Mountain Dream; Defenders of the Crown; Aliens Among Us; Deep Sea; Women of the Vote) created by the Royal BC Museum and by its partners to 18 locations across the province. • Delivered programs and lectures in 11 BC communities, and conservation support, collections research, school programs and outreach with Indigenous partners in more than 50 BC communities.
<p>2. Support the implementation of the Province’s plan to grow the creative economy by further developing the RBCM’s China strategy to increase research, collections, exhibition touring, cultural relationships and tourism by building partnerships with cultural organizations in key international markets.</p>	<ul style="list-style-type: none"> • Sent a second staff member to the Nanjing Museum in China for a two-week term to exchange cultural knowledge and best practices. • Repatriated a selection of Manchukuo-era books, originally collected by a BC journalist, to China, where the Nanjing Museum accepted the publications for accession into their collection. • Successfully negotiated the loan of the world’s oldest, most intact mummified mammoth, “Lyuba”, from the Yamalo-Nenets Regional Museum Complex of I.S. Shemanovsky in Russia, as the centrepiece for the 2016 feature exhibition <i>Mammoths: Giants of the Ice Age</i>. • Signed a Memorandum of Understanding with the Czech Republic’s Národní muzeum (national museum) to foster and further a mutual understanding of First Nations materials in both institutions’ collections.

<p>3. Continue implementation of the new learning strategy by developing, delivering and promoting at least one new digital engagement program.</p>	<ul style="list-style-type: none"> • Launched “Woolly’s World”, an online application allowing visitors to the Woolly Mammoth diorama to learn more about the behaviour and qualities of the woolly mammoth and other Pleistocene fauna. • Launched Digital Field Trips, in which students from any region of the province, connected by Skype, Facetime or other technologies, are led through the galleries and collections to meet curatorial and other staff, ask questions and learn about BC’s natural and human history. • Continued to add dynamic material to the Learning Portal, encouraging user-generated content from students and educators around BC.
<p>4. With guidance from the RBCM’s First Nations Advisory Council, respond to the relevant Truth and Reconciliation Commission recommendations related to museums and archives in future programming and planning.</p>	<ul style="list-style-type: none"> • Established a First Nations and Repatriation Department. • Delivered an international symposium on the topic of repatriation of cultural belongings and ancestral remains (Indigenous Perspectives on Repatriation: Moving Forward Together). • Partnered with Reynolds Secondary School on the “Youth Echoing Truth” project, in which students explored the concepts of truth and reconciliation while embedded in the museum. • Co-hosted a Grade 4 and 5 instructional program (a “learning lab”) on the topic of Truth and Reconciliation. • Added a new component to the online Learning Portal addressing the history of Residential Schools, a reference point into greater research in First Nations history, identity and culture. • Added the ability to display diacritics and other written characteristics of indigenous languages to the BC Archives’ collection management system. • Partnered with Aboriginal Tourism BC to deliver the third annual Aboriginal Cultural Festival on the precinct.
<p>5. RBCM will take a leadership role in pursuing opportunities to ensure British Columbia’s unique history is represented throughout the province in the lead up to Canada’s 150th anniversary in 2017.</p>	<ul style="list-style-type: none"> • Developed and hosted a travelling exhibition, <i>Bread and Salt</i>, celebrating the 125th Anniversary of Ukrainians in Canada. • Designed the 2017 feature exhibition <i>Family: Bonds and Belonging</i>, featuring families, artifacts and archival records from throughout British Columbia. • Continued outreach in BC’s Northeast with the Peace stewardship project, travelling throughout the region to share BC history and local knowledge by engaging with Indigenous communities, local municipalities and schools. • Continued to partner with cultural, academic and museum peers in

	<p>the Landscapes of Injustice project, dedicated to investigating the mass displacement and dispossession of Japanese-Canadians during WW2; participation included providing researchers access to archival materials detailing historical examples from BC.</p> <ul style="list-style-type: none">• Continued with the Centre of Arrivals project, fulfilling the Royal BC Museum’s long-term commitment to reimagine and recreate intercultural BC history through the lenses of immigrant arrivals. Specific foci include engaging with BC’s Punjabi Canadian and Chinese Canadian communities.• Published a special edition of the online magazine Curious, devoted to exploring the efforts and experiences of the people working behind the scenes of the Chinese Canadian Legacy Projects.
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