

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2024

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

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Independent Auditor's Report

*To the Board of Governors 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”, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, change in net debt, 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, 2024, 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.

Basis for Qualified Opinion

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

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

Deferral of revenue

As described in Note 2 (f) and (g) 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

Draft Independent Auditor's Report

Royal British Columbia Museum Corporation

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, 2024 would have been lower by \$67.6 million, revenue, annual surplus and accumulated surplus would have been higher by \$67.6 million and net debt would have been lower by \$67.6 million.

Control of the Royal 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 \$17.4 million, an understatement of liabilities of \$0.1 million, an understatement of accumulated surplus of \$17.1 million, an understatement of revenues of \$1.5 million, an understatement of expenses of \$1.3 million and an understatement of annual surplus of \$0.2 million.

Other Accompanying Information

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

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

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

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

Independent Auditor's Report

Royal British Columbia Museum Corporation

As described in the Basis for Qualified Opinion section above, the entity has inappropriately deferred certain amounts of its revenues from government transfers and has not consolidated the results of the Foundation. I have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the annual report affected by this departure from Canadian public sector accounting standards.

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 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 the 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.

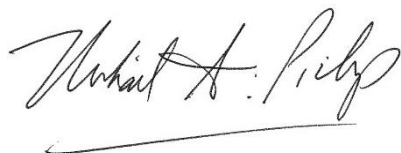
Independent Auditor's Report

Royal British Columbia Museum Corporation

- 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.



Michael A. Pickup FCPA, FCA
Auditor General of British Columbia

Victoria, British Columbia, Canada
June 28, 2024

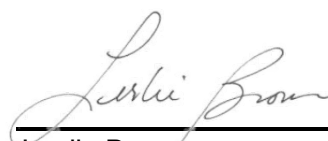
ROYAL BC MUSEUM CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	Notes	2024	2023
Financial Assets			
Cash and cash equivalents	3	\$ 2,942,414	\$ 4,580,529
Accounts receivable	5	10,984,778	5,803,592
Inventory	2 (e)	48,882	43,296
		13,976,074	10,427,417
Financial Liabilities			
Accounts payable and accrued liabilities	6	19,618,301	14,500,665
Leave liability	2(d)	583,540	471,230
Asset retirement obligation	2(n), 22	9,558,087	8,944,435
Deferred revenue	2(f), 7	1,272,435	1,240,287
Deferred capital contributions	2(g), 8	67,564,340	24,743,351
		98,596,703	49,899,969
Net Financial Debt		(84,620,630)	(39,472,552)
Non-Financial Assets			
Tangible capital assets	2(h), 10	102,881,216	56,255,764
Prepaid expenses	2(i)	864,555	748,394
		103,745,771	57,004,158
Accumulated Surplus		19,125,141	17,531,606

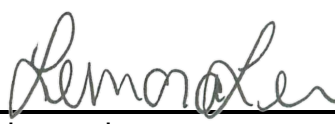
Contractual Obligations (Note 14)

Subsequent Events (Note 23)

Approved on behalf of the Board



Leslie Brown
Board Chair



Lenora Lee
Chair - Finance and Audit Committee

ROYAL BRITISH COLUMBIA MUSEUM
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2024

	Notes	2024 Budget (Note 17)	2024	2023
Revenues				
Provincial operating contributions		\$ 12,721,000	\$ 12,940,000	\$ 12,391,000
Provincial contributions for other purposes		3,660,000	11,807,896	6,738,387
Museum admission fees and memberships		7,600,000	5,223,245	1,704,698
IMAX admission fees and annual passes		3,444,600	2,498,804	2,014,411
Grants and sponsorships		225,000	12,500	97,935
Contributions from RBCM Foundation	13	411,351	147,614	546,636
Property leases		280,607	181,076	142,351
Programs, services and miscellaneous		2,052,178	2,371,442	1,800,832
Amortization of deferred capital contributions	8	860,000	775,871	603,805
Donated collections and artifacts		-	155,483	46,700
Total Revenues		31,254,736	36,113,931	26,086,755
Expenses				
Salaries and benefits		15,412,949	16,016,975	13,341,721
Building costs		2,724,319	3,269,456	2,747,585
Amortization		1,298,000	1,242,660	1,145,545
Accretion		-	613,652	688,033
Security		1,106,152	1,110,507	930,020
Taxes, City of Victoria		832,000	840,200	784,522
Special exhibitions	9	2,145,600	2,289,833	242,613
Systems and telecommunications		1,180,051	1,336,289	950,053
Professional services		714,110	1,543,833	4,685,989
Materials and supplies		2,327,110	1,321,859	1,211,253
Cost of goods sold		1,424,195	1,063,864	898,791
Offsite storage		1,492,844	1,481,183	1,352,978
Marketing and communications		697,384	398,070	631,578
Office and business		303,987	587,710	423,340
Insurance		553,500	579,655	426,521
Travel		165,625	357,031	323,652
Bank charges		250,000	172,877	101,157
Collections and artifacts		-	155,483	46,700
Other		126,910	139,259	208,302
		32,754,736	34,520,397	31,140,353
Annual Operating Surplus/(Deficit)		(1,500,000)	1,593,534	(5,053,598)
Accumulated Surplus, beginning of year			17,531,606	20,586,918
Adjustments				
IMAX adjustment			-	1,998,286
Accumulated Surplus, end of year	12		\$ 19,125,141	\$ 17,531,606

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2024

	2024 Budget	2024	2023
Annual Operating Surplus	\$ (1,500,000)	\$ 1,593,534	\$ (5,053,598)
Acquisition of tangible capital assets	-	(47,868,112)	(14,747,880)
Deferred Capital Contribution Adjustment	-	-	685,113
Amortization of tangible capital assets	1,298,000	1,242,660	1,145,545
	(202,000)	(45,031,918)	(17,970,820)
Acquisition of prepaid expense	-	(1,628,767)	(1,614,161)
Use of prepaid expense	-	1,512,607	1,118,129
	-	(116,160)	(496,032)
Write-down of other assets	-	-	-
	-	-	-
(Increase) decrease in net debt	(202,000)	(45,148,079)	(18,466,852)
Net debt, beginning of year	(39,472,551)	(39,472,551)	(21,005,699)
Net debt, end of year	(39,674,551)	(84,620,630)	(39,472,551)

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual Operating Surplus (Deficit)	\$ 1,593,534	\$ (5,053,598)
Items not affecting cash:		
Write off of other assets	-	-
Amortization	1,242,660	1,145,545
Accretion	613,652	688,033
Amortization of deferred capital contributions	(775,871)	(603,805)
Write-down of tangible capital assets	-	-
Changes in operating working capital:		
Accounts receivable	(5,181,186)	(3,343,902)
Inventory	(5,586)	32,629
Prepaid expenses	(116,159)	(496,032)
Accounts payable and accrued liabilities	5,117,637	3,740,051
Leave liability	112,310	10,733
Deferred revenue	32,148	(48,576)
Cash provided by or (used in) operating activities	2,633,136	(3,928,922)
CAPITAL ACTIVITIES		
Cash used to purchase tangible capital assets	(47,868,112)	(14,747,880)
Cash received for the acquisition of tangible capital assets (excluding land)	43,596,860	11,077,406
Cash from (used for) investing activities	(4,271,252)	(3,670,474)
Increase (decrease) in cash and cash equivalents	(1,638,115)	(7,599,396)
Cash and cash equivalents, beginning of year	4,580,529	12,179,926
Cash and cash equivalents, end of year	2,942,414	4,580,529

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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(g).

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term deposits that are readily convertible to cash and subject to an insignificant risk of change in value. Cash equivalents are: investments in term deposits that 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. Cash includes cash on hand and balances held in Canadian bank accounts.

(c) Financial instruments

Financial instruments are accounted for in accordance with the Public Sector Accounting standards 3450. The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and liabilities all of which are reported at amortized cost.

All financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. A financial liability or part is derecognized when it is extinguished.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. Significant accounting policies (continued):

(d) 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 15).

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. A liability is recognized as an event that obligates the Corporation to pay benefits for unused leaves occurs.

(e) Inventories held for sale

Inventories held for sale, comprised of gift shop merchandise and concession product, are recorded at the lower of weighted average cost or net realizable value. Costs includes the purchase price plus shipping and other applicable costs. Net realizable value is the estimated selling price less any costs to sell.

(f) Deferred revenue

Deferred revenue includes restricted funds related to grants for operating projects, future gallery rental deposits, advance admission sales, annual passes, memberships and unredeemed gift cards. Amounts received in advance of rental events 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 annual passes and memberships are recorded as revenue on a straight-line basis over the pass and membership term.

(g) 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

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. Significant accounting policies (continued):

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.

(h) 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 - 15 years
- Vehicles 3 years
- Furniture 5 years

Capital assets acquired during the year and under construction are not amortized until they are readily available and placed into use.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide goods and services, or the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The write-down is recognized as an expense in the statement of operations and is not reversed in a subsequent period.

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 on the date of donation of the gift based on appraisals by independent appraisers. The acquisition of both donated and purchased collections are expensed.

(i) Prepaid expenses

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

(j) 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.

(k) Revenue Recognition

Government transfers are recognized in the financial statements as revenue when the transfer is authorized, and all eligibility criteria have been met and reasonable estimates of the amount can be made with two exceptions. The first exception is when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met. The second exception occurs for transfers received related to depreciable tangible capital assets, received for capital contributions as described in Note 2(g).

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. Significant accounting policies (continued):

Admission, service, venue revenue and program fees are recognized as revenue as the service is provided. Annual passes and membership fees are recognized as revenue on a straight-line basis over the term of the pass or membership.

Investment income and miscellaneous revenue is recognized as earned. 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 that are required to be used for specific operational projects by external parties or government are recognized as revenue in the period in which the resources are used for the purpose or purposes specified, in accordance with the terms of the funding agreement. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified, with an exception for grants received to acquire depreciable capital assets.

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(g) with the exception of grants for purchase of land that are recognized as revenue in the period that the land is purchased.

(l) Expenses

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

(m) 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, asset retirement obligations and estimated useful life of tangible capital assets. In addition, the Corporation's implementation of PS 3280 *Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the expected retirement costs, including the timing and duration of these retirement costs.

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.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. Significant accounting policies (continued):

(n) Asset Retirement Obligations (ARO)

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the Corporation has been recognized based on estimated future expenses on closure of the site and post-closure care.

Under the modified retroactive method, the assumptions and information provided from the Quantity Surveyors Assessment Report dated June 2021 was used for the initial recognition of the ARO liability at the date of adoption of the standard. The discount rate was not used since a settlement date is unknown, and the Quantity Surveyor report includes monthly escalation allowance and the value at June 2021 has been adjusted for inflation as described in the report. Assumptions used for the subsequent years will be reassessed yearly. The tangible capital assets affected by the asbestos liability are fully amortized with the building asset. Any new asset retirement obligation after implementation would follow the amortization accounting policies outlined in note 10 (capital assets note).

When the criteria are met and a settlement date is provided for the Corporation the liability would be reviewed to determine if it should be adjusted based on a professional assessment report and present value calculation. Should the recognition of a liability result in an accompanying increase to the respective tangible capital assets they will be amortized on the basis of the underlying asset.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

3. Cash and Cash Equivalents

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

	2024	2023
Cash	\$ 2,911,914	\$ 4,548,529
Cash equivalents	30,500	32,000
Total Cash and Cash Equivalents	\$ 2,942,414	\$ 4,580,529

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:

	2024	2023
	Increase/ (Decrease)	Increase/ (Decrease)
Statement of Financial Position		
Deferred capital contributions	\$ 67,564,340	\$ 24,743,351
Deferred revenue	63,764	413,461
Accumulated surplus	\$ 67,628,104	\$ 25,156,812
Statement of Operations and Accumulated Surplus		
Amortization of deferred capital contributions	\$ (775,871)	\$ (603,805)
Annual operating (surplus) deficit	\$ (775,871)	\$ (603,805)

5. Accounts Receivable

	Balance at March 31, 2024	Balance at March 31, 2023
Provincial	\$ 10,565,460	\$ 5,151,081
Federal	365,738	214,063
Other	53,580	438,448
Total	\$ 10,984,778	\$ 5,803,592

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

6. Accounts Payable and Accrued Liabilities

	2024	2023
Provincial Government	\$ 13,787,557	\$ 10,990,223
Federal Government	-	-
Other	5,830,744	3,510,442
Total	\$ 19,618,301	\$ 14,500,665

7. Deferred Revenue

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

	Balance at March 31, 2023	Additions/ Adjustments	Recognized to revenue	Balance at March 31, 2024
<i>Restricted funds</i>				
Provincial	\$ 413,461	\$ 12,590,303	\$ (12,940,000)	\$ 63,764
Federal	143,033	3,194	-	146,227
Other	37,738	266	-	38,004
<i>Unrestricted</i>				
Other	646,055	2,105,667	(1,727,282)	1,024,441
Total	\$ 1,240,287	\$ 14,699,430	\$ (14,667,282)	\$ 1,272,435

8. Deferred Capital Contributions

Deferred capital contributions include funds received for the land and development costs for a collection and research building as well as facilities upgrades including: HVAC systems, lighting and electrical.

	Balance at March 31, 2023	Additions/ Transfers	Amortized	Balance at March 31, 2024
Provincial government	\$ 22,222,752	\$ 43,596,860	\$ 564,655	\$ 65,254,957
Federal government	1,942,507	-	148,177	1,794,330
Other	578,093	-	63,039	515,054
Total	\$ 24,743,351	\$ 43,596,860	\$ 775,871	\$ 67,564,340

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

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 and display the exhibition. Materials and supplies include exhibition loan fees where applicable. In the fiscal year 2024 Angkor Wat was hosted from April through to January 14. Wildlife Photographer is being hosted from March 1, 2024, through to June 2, 2024. Other costs include expenses associated with exhibits opening in the Spring and Summer 2024.

	2024	2023
Salaries and benefits	\$ -	\$ -
Professional services contracts	22,737	24,265
Marketing and communications	308,878	87,639
Materials and supplies	1,575,373	118,929
Other	382,845	11,781
Total	\$ 2,289,833	\$ 242,613

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

10 Tangible Capital Assets
a. Fiscal 2023/24

Cost	Balance at March 31, 2023	Additions	Balance at March 31, 2024
Land	\$ 27,613,832	\$ -	\$ 27,613,832
Permanent exhibitions	1,143,161	992,997	2,136,158
Operating equipment	2,539,702	22,938	2,562,640
Hardware and software	4,878,898	1,303,758	6,182,656
Furniture	31,340	-	31,340
Buildings and improvements	36,887,905	45,548,420	82,436,325
Asset retirement obligation	3,049,355	-	3,049,355
Total	\$ 76,144,194	\$ 47,868,112	\$ 124,012,307

Accumulated Amortization	Balance at March 31, 2023	Amortization	Balance at March 31, 2024
Land	\$ -	\$ -	\$ -
Permanent exhibitions	1,110,407	-	1,110,407
Operating equipment	1,144,437	211,250	1,355,687
Hardware and software	3,612,202	305,159	3,917,361
Furniture	31,340	-	31,340
Buildings and improvements	10,940,689	726,251	11,666,940
Asset retirement obligation	3,049,355	-	3,049,355
Total	\$ 19,888,431	\$ 1,242,660	\$ 21,131,091

Net Book Value	Balance at March 31, 2023	Balance at March 31, 2024
Land	\$ 27,613,832	\$ 27,613,832
Permanent exhibitions	32,755	1,025,751
Operating equipment	1,395,266	1,206,953
Hardware and software	1,266,695	2,265,295
Furniture	-	-
Buildings and improvements	25,947,216	70,769,385
Asset retirement obligation	-	-
Total	\$ 56,255,764	\$ 102,881,216

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

Tangible Capital Assets (Continued)

At March 31, 2024 the capital projects in progress include:

Land under development	15,103,692
Permanent exhibitions	1,025,751
Hardware and software	1,242,245
Buildings and improvements	61,148,734
Total capital projects not placed into use	<u>78,520,422</u>

Work in progress at March 31, 2024 includes \$60.8 million for the Provincial Archives, Research and Collections (PARC) Campus capital project which is due to complete in early 2026. Amortization of these assets, excluding land will commence when the building is placed in to service.

For more information on asset retirement obligations see note 22.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

10. Tangible Capital Assets (Continued)
b. Fiscal 2022/23

Cost	Balance at March 31, 2022	Adjustments	Additions	Balance at March 31, 2023
Land	\$ 25,256,253	\$ -	\$ 2,357,579	\$ 27,613,832
Permanent exhibitions	1,110,407	-	32,755	1,143,161
Operating equipment	2,503,136	(327,113)	363,678	2,539,702
Hardware and software	3,800,660	327,113	751,125	4,878,898
Furniture	31,340	-	-	31,340
Buildings and improvements	20,800,834	4,844,329	11,242,743	36,887,905
Asset retirement obligation	3,049,355	-	-	3,049,355
Total	\$ 56,551,985	\$ 4,844,329	\$ 14,747,880	\$ 76,144,194

Accumulated Amortization	Balance at March 31, 2022	Adjustments	Amortization	Balance at March 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Permanent exhibitions	1,110,407	-	-	1,110,407
Operating equipment	960,282	-	184,155	1,144,437
Hardware and software	3,370,319	-	241,884	3,612,202
Furniture	31,340	-	-	31,340
Buildings and improvements	6,690,027	3,531,156	719,506	10,940,689
Asset retirement obligation	3,049,355	-	-	3,049,355
Total	\$ 15,211,730	\$ 3,531,156	\$ 1,145,545	\$ 19,888,431

Net Book Value	Balance at March 31, 2022	Balance at March 31, 2023
Land	\$ 25,256,253	\$ 27,613,832
Permanent exhibitions	-	32,755
Operating equipment	1,542,854	1,395,266
Hardware and software	430,341	1,266,695
Furniture	-	-
Buildings and improvements	14,110,807	25,947,216
Asset retirement obligation	-	-
Total	\$ 41,340,255	\$ 56,255,764

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

At March 31, 2023 the capital projects in progress include:

Land under development	15,103,692
Permanent exhibitions	32,755
Hardware and software	1,022,884
Buildings and improvements	15,870,125
Total capital projects not placed into use	32,029,456

11 Collections and Artifacts

The Corporation conducts a Collections Risk Assessment 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 2024 fiscal year, the Corporation de-accessioned 19 batches (2023: 26) and accessioned 132 batches (2023: 158) to its collections through the acquisition, purchase and accessioning process. The collections are valued at \$190 million for insurance purposes.

12 Accumulated Surplus

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

	Balance at March 31, 2023	Additions	Uses	Balance at March 31, 2024
Unappropriated operating surplus (deficit) and investment in capital assets	\$ 20,623,948	1,593,534		\$ 22,217,482
Other unappropriated surplus:				
Asset retirement obligation	(7,438,200)	-	-	(7,438,200)
IMAX adjustment	1,998,286	-	-	1,998,286
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 surplus	\$ 17,531,606	1,593,534	-	\$ 19,125,140

Certain amounts are set aside in accumulated operating surplus for future financial obligations and the purchase of capital assets. The operating surplus of \$1,593,534 has not been allocated to any reserves.

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, 2024**

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 \$8,521,410 (2023 - \$7,978,514), 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:

		2024		2023
Funding for non-capital projects	\$	147,614	\$	546,636
Purchases of goods and services		10,455		48,524
Total	\$	158,069	\$	595,160

As at March 31, 2024 \$1,123 is due from the Foundation to the Corporation and is included in the accounts receivable (2023: \$289,248)

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

		2024		2023
Purchases of goods and services		2,679		5,418
Total	\$	2,679	\$	5,418

As at March 31, 2024 \$0 is due from the Corporation to the Foundation and is included in the accounts payable (2023: \$179)

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
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14 Contractual Obligations (by Fiscal Year)

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. The previous extension expired October 31, 2023. The Corporation extended the contract by one more year to October 31, 2024.

Under the terms of the agreement, the Corporation will pay fixed and variable fees. Fixed fees are as follows:

2025	351,203
Total	\$ 351,203

Security Contract

In April 2024 the Corporation signed a 5 year service agreement for the provision of security services expiring March 31, 2029, with option for additional five one-year options to renew. Under the terms of the agreement, the Corporation will pay annual fees as follows:

2025	\$ 1,289,664
2026	1,332,474
2027	1,372,448
2028	1,413,621
2029	1,456,030
Total	\$ 6,864,237

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.

Lease Commitments

The Corporation has operating leases to rent warehouse and cold storage space to store and preserve artifacts expiring on April 30, 2025. Additional leased warehouse storage space was acquired for the period June 1, 2022 to May 30, 2030. Future minimum payments are as follows:

2025	\$ 740,839
2026	559,813
2027	531,661
2028	486,564
2029	491,243
2030	491,243
2031	81,874
Total	\$ 3,383,235

The Corporation is also obligated to cover a proportion of property taxes for the lease expiring in 2031. These costs amounted to \$71,955.79 in fiscal year 2024.

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

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
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14. Contractual Obligations (Continued)

Property Management Contract

On February 1, 2024, the Corporation entered into a 5-year service agreement for the provision of property management services to expire February 1, 2029, with option for additional two one-year options to renew. Under the terms of the agreement, the Corporation will pay a fixed fee. The maximum future payments are as follows:

2025	\$ 285,567
2026	296,498
2027	305,393
2028	314,555
2029	268,650
Total	\$ 1,470,664

In addition, the Corporation will be invoiced at cost for property management consumables (approximately \$70,000 for 2024).

Exhibition loan fees

The Corporation has entered into a commitment for the loan of artifacts and objects for exhibition. The future anticipated payment is as follows:

2025	\$ 1,380,000
Total	\$ 1,380,000

Provincial Archives, Research and Collection (PARC) Campus Building Design Build Contract

In February 2023 Maple Reinders was awarded the Design Build contract for \$204.8 million. The total capital cost of the PARC Campus is estimated to be over \$270 million, all of which is funded by the Province of BC. The estimated future maximum payments are as follows:

2025	\$ 92,503,861
2026	68,710,194
Total	\$ 161,214,054

15 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 150,000 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, 2023, indicated a funding surplus of \$4.5 billion for basic pension benefits.

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.

ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

16 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.

17 Budget Figures

Budget figures have been provided for comparative purposes and are from the Corporation's Fiscal 2023/2024 Budget approved by the Royal BC Museum Corporation Board of Directors on December 8, 2022 and published in the Corporation's Service Plan. The budget is reflected in the statement of operations and accumulated surplus and the statement of changes in net debt.

18 Financial Risk Management

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 Canadian institutions and as such liquidity risk is not significant.

Credit Risk: Receivable balances consist primarily of trade receivables. At the financial statement date, less than 1% of the non-provincial 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.

19 Statement of Remeasurement Gains and Losses

A Statement of Remeasurement Gains and Losses has not been included in these financial statements because the Corporation does not have any accumulated remeasurement gains and losses or current period remeasurement gains and losses to report.

20 Comparative Figures

Certain comparative figures have been restated to conform to current year's presentation.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

21 Economic Dependence

The Corporation is dependent on continued funding from the Province of British Columbia to carry out its normal activities.

22 Asset Retirement Obligations

The Corporation owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 Asset Retirement Obligations, the Corporation recognized a \$8,256,402 obligation relating to the removal and post-removal care of the asbestos in these building as estimated at April 1, 2022. The buildings have been fully amortized. Post-closure care is estimated to extend for up to a year post the closure of the building while demolition and construction continues. Estimated costs have been based on Quantity Surveyors Assessment Report dated June 2021.

The transition and recognition of asset retirement obligations involved an increase to liability obligation and a decrease to accumulated surplus. As the buildings were fully amortized when acquired in 2003 there is no reflection or restatement of prior year balances in capital assets.

In the current year a further projected cost escalation to March 31,2024 was recognized of \$613,652. (2023: 688,033)

The following table provides details of the ARO liability in fiscal 2023/24:

	2023	2024
Opening balance - ARO liability	\$ 8,256,402	\$ 8,944,435
Accretion expense	688,033	613,652
Closing balance - ARO liability	\$ 8,944,435	\$ 9,558,087