

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2010**

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

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## MANAGEMENT'S REPORT

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

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


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

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

Sincerely,



Pauline Rafferty  
Chief Executive Officer



Faye Zinck  
Chief Financial Officer

Victoria, BC  
May 10, 2010

## AUDITORS' REPORT

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

We have audited the statement of financial position of the Royal British Columbia Museum Corporation as at March 31, 2010 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporations' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Hayes Stewart Little & Co.*

Victoria, BC  
May 10, 2010

Chartered Accountants

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

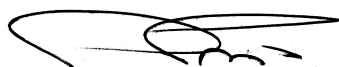
**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2010**

	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and investments (Note 3)	\$ 1,290,663	\$ 2,136,611
Accounts receivable	3,466,533	921,120
Prepaid	66,644	51,636
Deferred exhibition costs (Note 2(d))	<u>91,777</u>	<u>968,966</u>
	4,915,617	4,078,333
<b>Capital assets, net</b> (Notes 2(e), 6)	<u>21,387,766</u>	<u>17,210,464</u>
	<u><b>\$ 26,303,383</b></u>	<u><b>\$ 21,288,797</b></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 3,579,239	\$ 2,132,509
Leave liability	419,447	449,150
Deferred revenue (Note 7)	<u>703,683</u>	<u>524,169</u>
	4,702,369	3,105,828
<b>Deferred capital contributions</b> (Note 8)	<u>8,862,565</u>	<u>5,087,724</u>
	<u>13,564,934</u>	<u>8,193,552</u>
<b>Net assets</b>	<u>12,738,449</u>	<u>13,095,245</u>
	<u><b>\$ 26,303,383</b></u>	<u><b>\$ 21,288,797</b></u>

Commitments (Note 14)

ON BEHALF OF THE BOARD:



Director



Director

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**STATEMENT OF OPERATIONS AND NET ASSETS**

**FOR THE YEAR ENDED MARCH 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Province of British Columbia operating contributions	\$ 12,166,000	\$ 12,648,000
Museum admission fees	5,158,621	3,103,776
Other income (Note 9)	1,775,704	4,148,620
Amortization of deferred capital contributions (Note 8)	449,367	392,791
Gifts in Kind - Donated collections and artifacts (Note 2(f))	<u>99,538</u>	<u>268,107</u>
	<u>19,649,230</u>	<u>20,561,294</u>
<b>EXPENSES</b>		
Salaries and benefits (Note 2(h))	9,198,429	9,059,792
Special Exhibitions (Note 10)	2,888,040	2,213,878
Building costs	2,019,936	2,145,270
Amortization	1,103,947	964,354
Security	918,543	925,525
Taxes, City of Victoria	741,086	695,800
Systems and telecommunications	719,361	799,882
Professional service contracts	546,521	931,810
Materials and supplies	406,683	617,989
Archival records storage	389,273	374,545
Marketing and communications	292,340	454,688
Office	268,833	320,103
Insurance	178,705	186,382
Collections and artifacts (Note 2(f))	99,538	268,107
Travel	94,684	173,346
Bank charges	80,971	56,063
Donations (Note 11)	<u>59,136</u>	<u>350,000</u>
	<u>20,006,026</u>	<u>20,537,534</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<b>(356,796)</b>	<b>23,760</b>
NET ASSETS, beginning of year	<u>13,095,245</u>	<u>13,071,485</u>
<b>NET ASSETS, end of year</b>	<u><b>\$ 12,738,449</b></u>	<u><b>\$ 13,095,245</b></u>

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES</b>		
Cash received from the Province of British Columbia	\$ 12,166,000	\$ 12,648,000
Cash received from admissions	5,259,507	3,113,275
Cash received from other income	1,864,407	2,087,813
Cash paid for donations	(59,136)	(350,000)
Cash paid for salaries and benefits	(8,543,587)	(9,467,833)
Cash paid for building costs, taxes and security	(3,545,818)	(3,825,384)
Cash paid for materials and services	(3,146,347)	(4,352,853)
Cash paid for exhibitions	<u>(2,010,851)</u>	<u>(1,931,871)</u>
<b>Cash provided from (used for) operating activities</b>	<u>1,984,175</u>	<u>(2,078,853)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(4,498,842)	(2,990,571)
Cash received for purchase of capital assets	<u>1,668,719</u>	<u>1,926,288</u>
<b>Cash used for investing activities</b>	<u>(2,830,123)</u>	<u>(1,064,283)</u>
<b>NET DECREASE IN CASH</b>	(845,948)	(3,143,136)
<b>Cash and investments, beginning of year</b>	<u>2,136,611</u>	<u>5,279,747</u>
<b>Cash and investments, end of year</b>	<u>\$ 1,290,663</u>	<u>\$ 2,136,611</u>

# ROYAL BRITISH COLUMBIA MUSEUM CORPORATION

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 2010

#### 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

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

(a) Cash and investments

Cash includes all investments, short and long term, because they are part of a portfolio of identified financial instruments which are managed together. Unrealized gains and losses are included in net income in the period they arise. The Corporation has used the quoted market price to value the investments at the balance sheet date.

(b) Financial instruments

The Corporation's financial instruments consist of cash and investments, accounts receivable, and accounts payable and accrued liabilities. Cash and investments and accounts payable and accrued liabilities are designated as held for trading and recorded at fair value. Accounts receivables are designated as loans and receivables and recorded at amortized cost. The Corporation does not believe there is significant credit risk as 91% of accounts receivable are due from major funding providers. The fair value of these assets approximates their carrying value due to the short term nature of these financial instruments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair value of investments is disclosed in note 3.

(c) Revenue recognition

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

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



**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) Revenue recognition (continued)

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

Admission revenue is recognized on the date the service is provided.

Other revenue consists of restricted grants which are recognized as revenue in the year in which the related expenses are incurred and royalties, investment and rental revenues which are recognized when earned.

(d) Deferred exhibition costs

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

(e) Capital assets

Purchased 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	10 years
• Operating equipment	5 years
• Computer hardware and software	3 years
• Vehicles	3 years
• Furniture	5 years

(f) Collections

The value of collections (artifacts, specimens, and documents) is not reported on the Statement of Financial Position. 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 is expensed.

(g) Volunteers

During the year, volunteers contributed approximately 40,000 (2009: 42,000) 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.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) 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, to which the Corporation applies defined contribution plan accounting. The plan is administered by the British Columbia Pension Corporation, including payment of pension benefits to employees to whom the Act applies, and the Corporation does not have sufficient information to apply defined benefit plan accounting. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation (March 31, 2008) has determined the Plan has a surplus of \$487 million. The employer contribution rate to the Plan for the fiscal year ended March 31, 2010 was increased to 8.78% (2009: 8.63%) of the pensionable salary up to the year's maximum pensionable earnings of \$46,300 (2009: \$43,700) and to 10.28% (2009: 10.13%) of pensionable salary in excess of the year's maximum pensionable earnings. The next valuation will be as at March 31, 2011 with results available in 2012.

The Corporation also 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 24.15% (2009 – 23.83%). Costs of future benefits are recognized as an expense in the year that contributions are paid.

(i) 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.

(j) Adoption of new accounting policies

Effective April 1, 2009 the Corporation implemented new changes to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations* and 4470, *Disclosure Regarding Allocated Expenses by Not-for-Profit Organizations*. The changes remove the requirement to disclose net assets invested in capital assets, require the disclosure of allocated fundraising and general support expenses by not-for-profit organizations, and include the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The changes to these standards have not materially impacted the Corporation financial statements.

During the Corporation's 2010 fiscal year, the CICA announced that not-for-profit organizations could elect to continue to apply Handbook Section 3861, *Financial Instruments - Disclosure and Presentation* in place of Handbook Sections 3862, *Financial Instruments - Disclosure* and 3863, *Financial Instruments - Presentation*. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Corporation has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(k) Future accounting changes

No new accounting standards have been issued by the CICA that will have a significant impact on the Corporation's financial statements in future years.

**3. CASH AND INVESTMENTS**

As at March 31, 2010, the Corporation had \$225,845 in a money market fund (2009: \$1,208,537) with an annual yield of 0.19% (2009: 3.93%).

In accordance with section 3855 "*Financial Instruments – Recognition and Measurement*" of the CICA Handbook, the Corporation has classified its investments as held-for-trading and is reporting them at fair value. All investments are publicly traded and accounted for at the fair market values based on quoted prices at year end.

Investment income includes interest and dividends earned and realized gains and losses net of investment expenses incurred during the year. Investment transaction costs are expensed as incurred.

Short term investments consist of fixed income Canadian dollar denominated securities with a maturity of one year or less.

**4. CAPITAL DISCLOSURE**

The Corporation's capital management objectives are to ensure adequate funds are available for operations and capital projects through prudent investment and cash flow management techniques. To facilitate the management of capital, the Corporation prepares annual budgets which are updated monthly. The Corporation's capital structure includes cash and investments, capital assets and deferred capital contributions. The Corporation manages its capital structure and makes adjustments when economic conditions change.

The Corporation continually evaluates available sources of funds to finance its capital expenditures in order to meet capital objectives. The capital structure of the Corporation is not subject to external restrictions; however, the capital contributions received by the Corporation are allocated to specific projects as determined by the external funders based on their unique economic priorities.

**5. COLLECTIONS**

As at March 31, 2010, the collections consisted of approximately 7.2 million artifacts, specimens and archival records (2009: 7.2 million). During the year, the Corporation de-accessioned 23 objects (2009: 35) and accessioned 236 objects (2009: 22,639) to its collections through the acquisition, purchase and accessioning process. The collections are valued at \$190 million for insurance purposes.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**6. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2010</u>	<u>2009</u>
Land	\$ 12,278,339	\$ -	\$ 12,278,339	\$ 12,278,339
Permanent exhibitions	1,654,337	876,568	777,769	945,666
Operating equipment	339,188	125,566	213,622	239,270
Computer hardware and software	1,336,204	698,226	637,978	676,231
Vehicles	24,664	16,100	8,564	12,675
Furniture	65,358	32,208	33,150	29,966
Buildings and improvements	4,746,468	1,074,424	3,672,044	2,593,230
Work in progress	<u>3,766,300</u>	<u>-</u>	<u>3,766,300</u>	<u>435,087</u>
	<u>\$ 24,210,858</u>	<u>\$ 2,823,092</u>	<u>\$ 21,387,766</u>	<u>\$ 17,210,464</u>

During the year fully amortized capital assets with an original cost of approximately \$2,500,000 were removed from service.

**7. DEFERRED REVENUE**

Included in deferred revenue are funds related to donations for restricted operating projects, future gallery rentals, advance admission sales, annual passes, memberships and unredeemed gift cards.

	<u>2010</u>	<u>2009</u>
Restricted	\$ 442,241	\$ 322,349
Unrestricted	<u>261,442</u>	<u>201,820</u>
	<u>\$ 703,683</u>	<u>\$ 524,169</u>

**8. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent unamortized externally restricted contributions which have been used to purchase capital assets. These contributions will be recognized as revenue in future periods as the related capital assets are amortized.

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 5,087,724	\$ 1,743,606
Grants for the purchase of capital assets		
Provincial government	2,837,728	252,607
Federal government	1,359,365	709,705
Other	27,115	2,774,597
Amortized to revenue	<u>(449,367)</u>	<u>(392,791)</u>
Balance, end of year	<u>\$ 8,862,565</u>	<u>\$ 5,087,724</u>

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**9. OTHER INCOME**

	<u>2010</u>	<u>2009</u>
Province of British Columbia, special exhibition project contribution	\$ -	\$ 2,100,000
Grants, contributions, royalties and commissions	880,679	1,086,993
Miscellaneous	<u>895,025</u>	<u>961,627</u>
	<u>\$ 1,775,704</u>	<u>\$ 4,148,620</u>

**10. SPECIAL EXHIBITIONS**

The Corporation hosts temporary exhibition to provide a window on the world and encourage repeat visitation. In fiscal year 2010 these included: *Treasures: The World's Cultures from the British Museum, S'abadeb- The Gifts: Pacific Coast Salish Art and Artists* and *Silver of the Stars*. In fiscal year 2009 these included: *Free Spirit: Stories of You, Me and BC* and *War Brides*. Costs of exhibitions are those additional costs which are directly incurred to host the exhibition.

	<u>2010</u>	<u>2009</u>
Salaries and benefits	\$ 195,020	\$ 633,106
Professional service contracts (includes exhibit fees)	1,532,826	362,783
Marketing and communications	794,783	572,967
Materials and supplies	82,036	564,940
Office	<u>283,375</u>	<u>80,082</u>
	<u>\$ 2,888,040</u>	<u>\$ 2,213,878</u>

**11. DONATIONS**

In 2009/10 a contribution of \$59,136 (2008/09: \$350,000) was made to the Friends of the Royal British Columbia Museum Foundation to assist the Foundation 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.

**12. RELATED PARTY TRANSACTIONS**

The Corporation is related through common ownership to all Province of British Columbia Ministries, Agencies and Crown Corporations. The Corporation also has transactions with the Friends of the Royal British Columbia Museum Foundation (Note 13). Transactions with these entities are considered to be in the normal course of operations and are recorded at the exchange amounts.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**13. FRIENDS OF THE ROYAL BRITISH COLUMBIA MUSEUM FOUNDATION**

The Corporation has an economic interest in the Friends of the Royal British Columbia Museum Foundation (the "Foundation"). The accounts of the Foundation are presented separately and are not consolidated in these financial statements. The Foundation was incorporated to build membership and to coordinate other support activities on behalf of the Corporation. The principal activities of the Foundation are operation of the Royal Museum Shop, the collection of donations, bequests, endowments and supporting projects undertaken by the Corporation.

The Foundation has internally restricted funds of approximately \$3,600,000 (2009 - \$2,700,000), 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:

	<u>2010</u>	<u>2009</u>
Funding for non-capital projects	\$ 28,120	\$ 11,770
Funding for capital projects	-	1,000,000
Giftshop royalties	91,830	-
Purchases of goods and services	<u>149,657</u>	<u>114,202</u>
	<u>\$ 269,607</u>	<u>\$ 1,125,972</u>

As of March 31, 2010, \$22,234 is due from the Foundation to the Corporation and is included in the accounts receivable balance (2009: \$21,777).

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

	<u>2010</u>	<u>2009</u>
Unrestricted donation to the Foundation (Note 11)	\$ 59,136	\$ 350,000
Transfer of restricted donations	41,538	18,032
Purchases of goods and services	<u>17,521</u>	<u>10,534</u>
	<u>\$ 118,195</u>	<u>\$ 378,566</u>

As of March 31, 2010, \$4,345 is due from the Corporation to the Foundation and is included in the accounts payable balance (2009: \$ -).

**14. COMMITMENTS**

Operating Agreement

The Corporation has committed to a Theatre Operating Agreement for the operation of a large screen motion picture theatre at the Corporation. Under the terms of the Agreement, the Corporation will be paid a royalty from the theatre including certain negotiated adjustments, plus specific amounts for additional operating costs. The term of the Agreement is 30 years and expires June 24, 2028.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**14. COMMITMENTS (continued)**

Heating and Cooling Contract

The Corporation has entered into a three-year service agreement for the provision of steam, chilled water and natural gas services expiring March 31, 2012. Under the terms of the agreement, the Corporation will pay for services as consumed.

Property Management Contract

The Corporation has entered into a five year service agreement for the provision of building management and maintenance services expiring March 31, 2015. Under the terms of the agreement, the Corporation will pay a management fee as follows:

2011	\$ 90,000
2012	92,000
2013	94,554
2014	96,445
2015	98,374
Total	<u>\$ 471,373</u>

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

Exhibition Loan Fees

The Corporation has a commitment to disburse \$450,000 to the American Museum of Natural History and \$317,000 to the Royal Ontario Museum related to the loan of artifacts and objects. Future anticipated payments are as follows:

2011	\$ 201,800
2012	290,200
2013	<u>275,000</u>
	<u>\$ 767,000</u>

Capital Projects

The Corporation has entered into agreements with various contractors to complete capital asset improvement projects with remaining costs of approximately \$4.5M. These projects will be completed by March 31, 2011 and are substantially funded by the federal and provincial governments.

**ROYAL BRITISH COLUMBIA MUSEUM CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2010**

**14. COMMITMENTS (continued)**

Lease Commitments

The Corporation has a five year operating lease to rent warehouse space to store oversize artifacts which expires on April 30, 2015. The Corporation also leases operating equipment. Future minimum payments are as follows:

	<u>Warehouse</u>	<u>Equipment</u>
2011	\$ 162,512	\$ 12,469
2012	166,560	7,880
2013	166,560	1,512
2014	166,560	-
2015	<u>166,560</u>	<u>-</u>
Total	<u>\$ 828,752</u>	<u>\$ 21,861</u>

**15. SUBSEQUENT EVENT**

Subsequent to year end, the Corporation purchased City of Victoria Lot 1269 which encompasses the Glenshiel Seniors Residence and surrounding parking lots from the Provincial Rental Housing Corporation (PRHC) at a cost of approximately \$100,000.

The Glenshiel building has been leased to the PRHC for a term of 52 years terminating August 1, 2062 for a total rental cost of \$10.00 for the term.

Should any of the following events occur prior to August 1, 2062, the Corporation is obligated to pay the PRHC the residual value of the density of the property, which is estimated at \$1,836,000:

- Termination of the lease by the Corporation; or
- Construction in excess of \$5 million by the Corporation on any part of the property outside the leased premises.

The Corporation has the option to pay the residual value prior to March 31, 2012 at its discretion.