

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Financial Statements

Year Ended March 31, 2022

BURNS & CO.

CHARTERED PROFESSIONAL ACCOUNTANT

BRITISH COLUMBIA MUSEUMS ASSOCIATION
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Year Ended March 31, 2022

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Burns & Co.



Chartered Professional Accountant

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of British Columbia Museums Association,

I have reviewed the accompanying financial statements of British Columbia Museums Association which comprise the statement of financial position as at March 31, 2022 and the statements of revenues and expenses, changes in net assets 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 Canadian accounting standards for not-for-profit organizations, 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.

Practitioner's Responsibility for the Financial Statements

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of British Columbia Museums Association as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Matters

As required by the Societies Act of British Columbia, I report that, in my opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

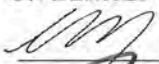

Victoria, British Columbia
September 12, 2022

CHARTERED PROFESSIONAL ACCOUNTANT

BRITISH COLUMBIA MUSEUMS ASSOCIATION
Statement of Financial Position
March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 2)</i>	\$ 353,516	\$ 463,620
Accounts receivable <i>(Note 2)</i>	144,608	98,155
Public Service Bodies Rebate receivable	1,294	3,144
Interest receivable <i>(Note 3)</i>	1,946	1,946
Prepaid expenses	11,980	10,990
	513,344	577,855
TANGIBLE CAPITAL ASSETS <i>(Note 4)</i>	4,635	5,680
RESTRICTED CASH <i>(Notes 2, 5)</i>	14,480	14,318
	\$ 532,459	\$ 597,853
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 56,091	\$ 11,632
Goods and services tax payable	382	83
Due to employees	8,199	8,959
Deferred revenue <i>(Note 7)</i>	285,089	432,104
	349,761	452,778
NET ASSETS		
Unrestricted net assets <i>(Note 6)</i>	163,583	125,077
Restricted net assets <i>(Note 5)</i>	14,480	14,318
Net assets invested in tangible capital assets	4,635	5,680
	182,698	145,075
	\$ 532,459	\$ 597,853

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

See accompanying notes to financial statements

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Statement of Revenues and Expenses

Year Ended March 31, 2022

	2022	2021
REVENUES		
Provincial government grants <i>(Note 8)</i>	\$ 408,307	\$ 651,837
Federal government grants <i>(Note 8)</i>	110,379	142,611
Memberships	65,695	62,139
Sponsorships and bursaries	97,180	20,600
Fundraising and donations	1,026	13,232
Program revenue	14,330	3,034
Interest income <i>(Note 3)</i>	6,922	9,694
Publication sales	770	936
	<u>704,609</u>	<u>904,083</u>
EXPENSES		
Accounting and review	9,955	8,067
Amortization of tangible capital assets <i>(Note 4)</i>	2,192	2,223
BC Museums Week	3,261	2,122
Canada Council project	27,473	-
Conference	6,539	452
Council	2,804	3,883
Enhance organizational capacity	20,898	8,834
Glam	6,059	1,136
Grants, awards and bursaries	164,488	395,103
IPOC engagement	8,180	8,464
Increase collaboration/sectors	27,500	5,000
Insurance	1,170	3,218
Interest and bank charges	359	458
Member programs, services and events	10,567	5,448
Museums Assistance Program	-	97,467
Office costs	2,708	1,124
Provincial governance	-	258
Regional workshops	3,434	6,825
Rent	216	753
Repairs and maintenance	-	293
Round-Up publications	4,550	11,232
Strengthen BC Museum Sector	4,240	51,641
Telephone and utilities	1,647	1,926
Wages and benefits	353,209	244,566
Webinars	2,751	1,937
Website maintenance	2,786	2,564
	<u>666,986</u>	<u>864,994</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	37,623	39,089
OTHER INCOME		
Government assistance <i>(Note 11)</i>	-	6,318
EXCESS OF REVENUES OVER EXPENSES	\$ 37,623	\$ 45,407

See accompanying notes to financial statements

BRITISH COLUMBIA MUSEUMS ASSOCIATION
Statement of Changes in Net Assets
Year Ended March 31, 2022

	2021 Balance	Excess of revenues over expenses	Contributions	Transfers	2022 Balance
Unrestricted net assets <i>(Note 6)</i>	\$ 125,077	\$ 39,653	\$ (1,147)	\$ -	\$ 163,583
Restricted net assets <i>(Note 5)</i>	14,318	162	-	-	14,480
Net assets invested in tangible capital assets <i>(Note 4)</i>	5,680	(2,192)	1,147	-	4,635
	<u>\$ 145,075</u>	<u>\$ 37,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,698</u>

	2020 Balance	Excess of revenues over expenses	Contributions	Transfers	2021 Balance
Unrestricted net assets <i>(Note 6)</i>	\$ (108,091)	\$ 47,630	\$ -	\$ 185,538	\$ 125,077
Restricted net assets <i>(Note 5)</i>	201,453	-	-	(187,135)	14,318
Net assets invested in tangible capital assets <i>(Note 4)</i>	6,306	(2,223)	-	1,597	5,680
	<u>\$ 99,668</u>	<u>\$ 45,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,075</u>

See accompanying notes to financial statements

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Statement of Cash Flows

Year Ended March 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Cash receipts	\$ 512,991	\$ 1,109,150
Cash paid to suppliers and employees	(621,725)	(856,439)
Interest received	-	(24)
Interest and bank charges paid	(360)	(459)
Goods and services tax	299	(2,601)
Public Service Bodies Rebate Receivable	-	(284)
	<hr/>	<hr/>
Cash flows from (used by) operating activities	(108,795)	249,343
INVESTING ACTIVITY		
Purchase of tangible capital assets <i>(Note 4)</i>	(1,147)	(1,597)
OTHER CASH FLOW ITEMS		
Funds held in trust distributed	-	(157,040)
INCREASE (DECREASE) IN CASH FLOWS		
	(109,942)	90,706
Cash - beginning of year	<hr/> 477,938	<hr/> 387,232
CASH - END OF YEAR <i>(Note 2)</i>	<hr/> \$ 367,996	<hr/> \$ 477,938
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 353,516	\$ 463,620
Restricted cash	<hr/> 14,480	<hr/> 14,318
	<hr/> \$ 367,996	<hr/> \$ 477,938

See accompanying notes to financial statements

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

PURPOSE OF THE ASSOCIATION

British Columbia Museums Association (the "Association") is a not-for-profit organization incorporated provincially under the Societies Act of British Columbia. As a registered charity, the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act (Canada), and can issue charitable donation receipts.

The purpose of the Association, on behalf of its membership, is to foster the preservation, interpretation and appreciation of, and access to, all aspects of British Columbia's heritage, as encompassed by human and natural history and artistic and cultural endeavour.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with banks and redeemable term deposits. They are valued at cost plus accrued interest and their carrying amounts approximate fair value at year end because they can be redeemed and converted to cash at any point in time without penalty.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	30% & 55%	declining balance method
Office equipment	20%	declining balance method

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

Net assets

- Net assets invested in tangible capital property represents the Association's net investment in tangible property and equipment which is comprised of the amortized amount of property and equipment purchased with restricted funds.
- Net assets invested in intangible capital property represents the Association's net investment in intangible property and equipment which is comprised of the amortized amount of property and equipment purchased with restricted funds.
- Internally restricted net assets are funds which have been designated for a specific purpose by the organization's Board of Directors.
- Unrestricted net assets comprise the excess of revenue over expenses accumulated by the organization each year, net of transfers, and are available for general purposes.

(continues)

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued charges.

The Association's financial instruments are initially measured at fair value when issued or acquired. At each subsequent reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Revenue recognition

The Association 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. Endowment contributions are recognized as direct increases in net assets.

The Association recognizes revenue based on the following:

- Provincial and federal government grants are recorded over the life of the grant when there is a reasonable assurance that the Association had complied with and will continue to comply with, all the necessary conditions to obtain the grants.
- Annual conference fees received are recognized as revenue in the year of the conference when related expenses have been incurred.
- Membership revenue is deferred then recognized over the term of the membership.
- Interest income is recognized as revenue when earned.
- Fundraising, donations, sponsorships and bursaries are recognized as revenue when received.
- Program revenue is recognized as revenue when the related program has been completed.
- Publication sales are recognized as revenue when earned.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(continues)

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

The Society recognizes government grants when there is reasonable assurance that the grant will be received, and that the Society will comply with the conditions of the grant. Government grants receivable are recorded in general receivables on the Society's statement of financial position. The Society recognizes government grants as revenue in the statement of operations in the same period as the expenses for which the grant is intended to compensate.

Use of estimates

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to reported amounts of revenues and expenses, assets and liabilities and disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. In particular, estimates are used in accounting for certain items such as revenues, useful lives of capital assets, asset impairments and other accruals. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Unrestricted cash and cash equivalents		
Cash and cash equivalents on hand and balances with banks	\$ 352,880	\$ 463,529
Outstanding cheques	-	-
Outstanding deposits	<u>636</u>	<u>91</u>
	<u>353,516</u>	<u>463,620</u>
Restricted cash		
Restricted cash on hand and balances with banks	<u>14,480</u>	<u>14,318</u>
	<u>14,480</u>	<u>14,318</u>
Total cash and cash equivalents	<u>\$ 367,996</u>	<u>\$ 477,938</u>

The Association has access to a \$20,000 operating line of credit which is subject to an interest rate of prime plus 1%. As at March 31, 2022 and March 31, 2021, the line of credit was unused. The Association has assigned its accounts receivable as general collateral for this line of credit.

3. VANCOUVER FOUNDATION - BRITISH COLUMBIA MUSEUMS ASSOCIATION ENDOWMENT FUND

The Association is the income beneficiary of the British Columbia Museums Association Endowment Fund established in March 1993 by the Vancouver Foundation, a public foundation.

The capital of the Endowment Fund remains the property of the Vancouver Foundation. The fair market value of the Endowment Fund as at March 31, 2022 is \$107,478 (2021 - \$106,015).

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 93,997	\$ 90,613	\$ 3,384	\$ 4,116
Office equipment	10,502	9,251	1,251	1,564
	<u>\$ 104,499</u>	<u>\$ 99,864</u>	<u>\$ 4,635</u>	<u>\$ 5,680</u>

5. RESTRICTED NET ASSETS

Hardcastle Bursary

The Barrie Hardcastle Bursary was established to aid members and volunteers in training in financial administration and management. During the 1996 year, the Island Savings Credit Union matched the Association's bursary fund with a \$5,000 term deposit to establish the Barrie Hardcastle Bursary. Interest earned on the total principal of \$10,000 is awarded annually by the Association. \$5,000 of this principal remains the property of the Credit Union and, accordingly, is not recorded in these financial statements.

Nagel Bursary

The Joe Nagel Technology Bursary was established to aid members in the implementation of an innovative use of technology in the museum, gallery, or heritage fields. Interest earned is reinvested in this fund which reports restricted resources.

	2022	2021
Restricted funds		
Hardcastle Bursary Fund	\$ 8,121	\$ 7,988
Interest	162	133
	<u>8,283</u>	<u>8,121</u>
Hardcastle Bursary Fund	8,283	8,121
Nagel Bursary Fund	6,197	6,197
	<u>\$ 14,480</u>	<u>\$ 14,318</u>

6. UNRESTRICTED NET ASSETS

In June 2018, the BC Museums Association Council approved a Council-Designated Funds Policy. This new policy will see unrestricted net assets allocated to two Council-designated funds: a Contingency Fund to ensure the stability of the mission, programs, and ongoing operations of the organization; and a Program Development Fund to provide internal source funds to ensure the continuity, growth, and development of the programs and services.

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

7. DEFERRED REVENUE

Deferred revenue includes the unspent portion of grants, the remaining period of annual memberships paid throughout the year, and registration fees, exhibitor fees and bursaries received in advance of the annual conference.

	<u>2022</u>	<u>2021</u>
British Columbia Arts Council - arts impact	\$ 30,000	\$ -
British Columbia Arts Council - early career development	15,000	-
British Columbia Arts Council - operating grants	66,420	66,420
British Columbia Arts Council - pivot program	-	49,000
British Columbia Arts Council - resilience supplement	16,000	28,000
Canadian Council for the Arts - digital strategy fund	-	50,000
Department of Canadian Heritage - MAP	92,608	36,805
Province of BC - multiculturalism grant program	-	5,000
Province of BC - repatriation grant program	10,913	139,800
Royal Bank of Canada	17,500	17,500
Royal British Columbia Museum	-	-
Vancouver Foundation	-	12,000
Annual memberships	25,879	25,879
Conference	10,769	1,700
	<u>\$ 285,089</u>	<u>\$ 432,104</u>

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

8. GRANT REVENUE

Included in revenue is government funding from the following sources:

	<u>2022</u>	<u>2021</u>
Provincial government grants		
British Columbia Arts Council	\$ 163,420	\$ 141,697
Gaming Grant	56,000	56,000
Canada 150 Delivery Contract Fees	-	33,940
Family Day Grant	60,000	60,000
Repatriation Grant	128,887	360,200
	<u>408,307</u>	<u>651,837</u>
Federal government grants		
Museums Assistance Program	36,805	66,500
Young Canada Works	9,387	21,542
Canada Summer Jobs	3,641	4,569
Canadian Council for the Arts	50,000	50,000
Miscellaneous grants	10,546	-
	<u>110,379</u>	<u>142,611</u>
	<u>\$ 518,686</u>	<u>\$ 794,448</u>

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

9. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2022.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. Credit risks arise from two sources: cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk exposure is dependent on the receipt of funds from membership fees and other sources to enable the Association to pay its liabilities as they become due.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents and investments. Changes in interest rates can affect the cash flows related to interest income and expense.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

10. DISCLOSURES UNDER THE SOCIETIES ACT

The following financial statement disclosures are required by the Societies Act of British Columbia:

- During the year, the Association paid no remuneration to its directors.
- During the year, no persons who are contractors or employees received remuneration from the Association that exceeded \$75,000.

BRITISH COLUMBIA MUSEUMS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2022

(Unaudited)

11. IMPACT OF COVID-19

On March 11, 2020 the World Health Organization declared the COVID-19 outbreak a pandemic which has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In response to the spread of COVID-19, the Association closed its office space and staff continue to work from home. The Association received additional grants to support operations and utilized the 10% Temporary Wage Subsidy offered by the Government of Canada. The Association has adapted their business processes to conform to provincial mandates. The Association has not experienced any significant difficulties or disruptions in completing their operational activities.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Association for future periods.

12. ECONOMIC DEPENDENCE

The Association is economically dependent on the Province of British Columbia for its continued support of its projects.

13. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the presentation adopted in the current year.