



# REGIONAL DISTRICT of Fraser-Fort George

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## REPORT FOR CONSIDERATION

TO: Chair and Directors  
FROM: Sarah White, General Manager of Financial Services  
DATE: November 8, 2024  
SUBJECT: Fraser-Fort George Regional Museum Society Financial Monitoring – 2024 Update  
SUMMARY: Purpose: For Information

Attachments: Backgrounder

Previous Reports:

1. Item No. 11.4.1, April 2024
2. Item No. 11.4.1, February 2024
3. Item No. 11.4.12, January 2024

### RECOMMENDATION(S):

THAT the report dated November 8, 2024 regarding “Fraser-Fort George Regional Museum Society Financial Monitoring – 2024 Update” be received for information.

ENTITLEMENT	HOW VOTE COUNTED
All 1 Director/1 vote	Majority

### ISSUE(S):

In April 2024, the Regional District of Fraser-Fort George (RDFFG) Board approved entering into a loan agreement for \$500,000 with the Fraser Fort George Museum Society (the “Society”) which set out a number of terms and conditions including a requirement for the Society to provide the RDFFG with monthly financial statements and other records and reports as requested for financial monitoring throughout the year.

The Society has provided RDFFG Administration with internal financial statements as well as cash flow projections monthly since entering into the loan agreement.

### RELEVANT POLICIES:

N/A

### STRATEGIC PRIORITIES ALIGNMENT:

- |  |   |   |   |
|--|---|---|---|
| <input type="checkbox"/> Indigenous and Intergovernmental Partnerships | <input type="checkbox"/> Organizational Strength and Adaptability | <input type="checkbox"/> Quality Community Services | <input type="checkbox"/> Environmental Stewardship and Climate Action |
| <input type="checkbox"/> Awareness and Engagement                      | <input checked="" type="checkbox"/> Statutory or Routine Business |   |   |

### SERVICE RELEVANCE:

The Heritage Conservation Service was established to support museums and societies that have contracts with the Regional District to provide heritage services and programming within the Regional District, consistent with the Regional Cultural Plan.

Since 2006, the Fraser-Fort George Museum Society has been one of eight organizations supported by the Regional District as part of the Regional Cultural Plan and as such receives annual operating grants from the Regional District. For 2024, the operating grant for the Society is \$881,290.

### **FINANCIAL CONSIDERATION(S):**

During 2007, the Regional District entered into an agreement with the Society to refinance their long-term debt with the Municipal Finance Authority of BC using 20-year debenture financing. The debt service payments (currently approximately \$113,000 annually) are deducted from the funding the Society receives. The remaining debt service payments related to the 2007 long term financing agreement are as follows:

2025 - \$113,140.53  
 2026 - \$113,140.53  
 2027 - \$ 87,715.53

Under the RDFFG loan agreement, the loan amortization began on May 1, 2024 and repayment is scheduled to commence on January 1, 2025, splitting the payments into 18 quarterly payments of \$31,115.44. These payments will be deducted from the Society's annual operating grant payments that are made quarterly. The remaining debt service payments are as follows:

2025 - \$124,461.76  
 2026 - \$124,461.76  
 2027 - \$124,461.76  
 2028 - \$124,461.76  
 2029 - \$ 62,230.88

For the Period of 2025, 2026 and a portion of 2027, the Society's grant funding will be reduced by payments related to both loans along with the cost of annual property insurance for the Exploration Place building.

The attached backgrounder provides information about the Society's current financial position.

### **OTHER CONSIDERATION(S):**

The Society will attend the RDFFG November Board meeting to make a presentation to the Board regarding various initiatives being undertaken under the leadership of the Society's Board of Directors and new Executive Director Alyssa Leier.

### **DECISION OPTIONS:**

1. Approve recommendation to receive the report for information.

### **COMMENTS:**

The Fraser-Fort George Regional Museum Society (Exploration Place) is the largest cultural organization supported by the Regional District and plays a valuable role in supporting the goals of the Regional Cultural Plan through its own programs and services as well as support and mentoring of smaller museums and galleries in the region.

Respectfully submitted,

***“Sarah White”***

Sarah White  
 General Manager of Financial Services

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## Backgrounder

### 2024 January to October Financial Results:

According to internal financial statements provided to the Regional District, the Fraser-Fort George Regional Museum Society (the “Society”) recognized a net surplus of \$183,368 for the first ten months of 2024. The forecasted loss for the year is anticipated to be \$253,450 by December 31, 2024 which compares to a loss of \$417,331 in 2023.

There are non-cash related amortization items included in the revenue and expenditures projections that were not included in the Annual Budget. These non-cash amortization items total a net expenditure of \$227,694 in 2024 as compared to \$250,213 included in the 2023 Actuals. Adjusted Surplus/Loss figures have been provided in the table below for comparison.

	2024 Year to Date Actuals (Jan-Oct)	2024 Annual Forecast	2024 Annual Budget	Projected 2024 Variance to Budget	2023 Actuals
Total Revenue	\$2,277,604	\$2,580,857	\$2,784,902	(\$204,045)	\$2,787,359
Total Expenditures	\$2,094,236	\$2,834,307	\$2,515,824	(\$318,483)	\$3,204,691
<b>Surplus /(Loss)</b>	<b>\$183,368</b>	<b>(\$253,450)</b>	<b>\$269,078</b>	<b>(\$522,528)</b>	<b>(\$417,331)</b>
Net Amortization Adjustments	\$0	\$227,694	\$0	\$227,694	\$250,213
<b>Surplus /(Loss) excluding Amortization</b>	<b>\$183,368</b>	<b>(\$25,756)</b>	<b>\$269,078</b>	<b>(\$294,834)</b>	<b>(\$167,118)</b>

As of October 31, 2024, the Society had a balance of \$90,000 in their line of credit.

### 2024 Cash Flow Projections:

The Society has provided cash flow projections to the end of December 2024. Based on this information, the projected line of credit balances for the remainder of the year is anticipated to be:

- November 30, 2024 \$162,171
- December 31, 2024 \$210,268

### **2025 Cash Flow Projections:**

As of the end of October 2024, the Society has provided projections for line of credit balances from January to June 2025 as follows:

- January 31, 2025      \$166,047
- February 28, 2025    \$175,989
- March 31, 2025        \$201,974
- April 30, 2025        \$125,813
- May 31, 2025          \$180,189
- June 30, 2025         \$142,860

### **Permitted Encumbrances:**

The terms of the loan agreement state the following with regards to Permitted Debt:

a) Royal Bank of Canada Line of Credit the limit of which shall be no more than as follows:

- a. as of the date of this Agreement, \$225,000.00
- b. as of December 31, 2024, \$175,000.00
- c. as of December 31, 2025, \$125,000.00
- d. as of December 31, 2026, \$75,000.00
- e. as of December 31, 2027, \$50,000.00

b) Royal Bank of Canada Overdraft, not to exceed \$25,000.00

c) All other Debt and Obligations incurred by the Society in the operation of the Fraser-Fort George Regional Museum, which shall not exceed a total of \$225,000.00 at any time without the written consent of the RDFFG.

### **2024 Audited Financial Statements:**

It is anticipated that the Society will undergo a financial audit for 2024 and that audited financial statements will be provided to RDFFG Administration within ninety days of their December 31<sup>st</sup> fiscal year end.

### **2025 Budget:**

The Society has prepared a draft budget for 2025 which will be reviewed by the Society's Board of Directors during their next board meeting.