

# Report of the Auditor General of British Columbia

*To the Members of the Board of Directors  
of the Provincial Capital Commission, and*

*To the Minister of Attorney General,  
Province of British Columbia:*

I have audited the statement of financial position of the *Provincial Capital Commission* as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the *Provincial Capital Commission* as at March 31, 2000 and the results of its operations, changes in net assets and cash flows for the year then ended, in accordance with generally accepted accounting principles.



Wayne Strelieff, CA  
Auditor General

*Victoria, British Columbia  
May 10, 2000*

# Provincial Capital Commission Statement of Financial Position

March 31

2000

1999

## Assets

### Current

Cash	\$	160,001	\$	–
Short term investments (Note 3)		4,035,286		4,403,205
Receivables		82,434		97,624
Due from Province of British Columbia (Notes 5 and 8)		69,900		–
Inventories		5,411		5,372
Assets held for resale		–		300,000
Prepays		33,115		30,113
		<u>4,387,147</u>		<u>4,836,314</u>

### Capital assets (Note 4)

		<u>11,451,875</u>		<u>11,428,113</u>
	\$	<u>15,839,022</u>	\$	<u>16,264,427</u>

## Liabilities

### Current

Bank indebtedness	\$	–	\$	17,440
Payables and accruals		151,687		194,079
Grants payable (Note 5)		–		55,547
Due to Province of British Columbia (Note 5)		123,514		289,906
Deferred revenue		48,140		52,703
		<u>323,341</u>		<u>609,675</u>

### Deferred contributions (Note 6)

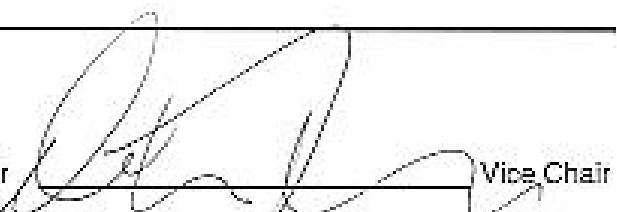
		<u>1,877,382</u>		<u>1,969,973</u>
		<u>2,200,723</u>		<u>2,579,648</u>

## Net assets

Invested in capital assets		9,574,493		9,458,140
Restricted for Beautification (Schedule 2)		491,351		273,933
Restricted for Greenway (Schedule 3)		793,585		1,140,169
Unrestricted		2,778,670		2,812,537
		<u>13,638,299</u>		<u>13,684,779</u>
	\$	<u>15,839,022</u>	\$	<u>16,264,427</u>

On behalf of the Commission

  
Chair

  
Vice Chair

See accompanying notes to the financial statements.

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## Provincial Capital Commission Statement of Operations

Year Ended March 31	2000	1999
Revenue		
General operations (Schedule 1)	\$ 1,766,614	\$ 1,683,535
Crystal Garden (Schedule 1)	<u>1,343,799</u>	<u>1,349,985</u>
	<u>3,110,413</u>	<u>3,033,520</u>
Expenditures		
General operations (Schedule 1)	1,367,190	1,120,613
Crystal Garden (Schedule 1)	1,410,537	1,261,544
Beautification grants (Schedule 2)	32,562	-
Greenways grants (Schedule 3)	<u>346,504</u>	<u>251,148</u>
	<u>3,156,893</u>	<u>2,633,605</u>
(Deficiency) excess of revenue over expenditures	\$ <u>(46,480)</u>	\$ <u>399,915</u>

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See accompanying notes to the financial statements.

**Provincial Capital Commission**  
**Statement of Changes in Net Assets**

Year Ended March 31

2000

1999

	<u>Invested in Capital Assets</u>	<u>Restricted for Beautification (Note 7)</u>	<u>Restricted for Greenways (Note 7)</u>	<u>Unrestricted</u>	<u>Balance</u>	<u>Balance</u>
Balance, beginning of year	\$ 9,458,140	\$ 273,933	\$ 1,140,169	\$ 2,812,537	\$13,684,779	\$13,284,864
(Deficiency) excess of revenue over expenditures	(103,038)	(32,582)	(346,584)	435,724	(46,480)	399,915
Investment in capital assets	219,391	-	-	(219,391)	-	-
Internally imposed restrictions (Note 5)	-	250,000	-	(250,000)	-	-
Balance, end of year	<u>\$ 9,574,493</u>	<u>\$ 491,351</u>	<u>\$ 793,585</u>	<u>\$ 2,778,870</u>	<u>\$13,638,299</u>	<u>\$13,684,779</u>

See accompanying notes to the financial statements.

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## Provincial Capital Commission

### Statement of Cash Flows

Year Ended March 31

2000

1999

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#### Cash flow from operating activities

Cash received from commercial activities	\$ 2,711,011	\$ 2,677,430
Cash received from general donations	10,465	9,036
Investment income received for operating purposes	236,502	231,343
Miscellaneous receipts	69,396	45,769
Cash paid for salaries and benefits	(1,295,316)	(1,253,267)
Cash paid for materials and services	(1,569,507)	(739,912)
Cash paid for grants	<u>(434,713)</u>	<u>(278,101)</u>

Net cash generated through operating activities (272,142) 692,298

#### Cash flows from investing activities

Sale of short-term investments	367,919	185,364
Disposal (purchase) of assets for resale	300,000	(300,000)
Purchase of capital assets	(219,391)	(415,483)
Proceeds on disposal of capital assets	<u>1,055</u>	<u>6,000</u>

Net cash used in investing activities 449,583 (524,119)

Net increase in cash and cash equivalents 177,441 168,179

Cash and cash equivalents, beginning of year (17,440) (185,619)

Cash and cash equivalents, end of year \$ 160,001 \$ (17,440)

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See accompanying notes to the financial statements.

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# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2000

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### 1. The Commission

The Provincial Capital Commission operates under authority of the *Capital Commission Act*.

The purpose of the Commission is to enhance the amenities and environment in the Greater Victoria Area and to respond to requests from the government to undertake special projects.

The Commission is exempt from federal and provincial income taxes.

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### 2. Summary of significant accounting policies

#### Basis of accounting

These financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations.

#### Summary of specific accounting policies

##### Investments

Investments consist of units in Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of interest earned by the Portfolio and may be realized upon sale of units.

##### Inventories

Inventories are valued at current replacement cost, which approximates cost.

##### Capital assets

Purchased capital assets are recorded at cost.

Contributed capital assets are recorded at fair value at the date of contribution.

The contributions of park lands and green spaces are valued at \$1.

The contribution of the St. Ann's Academy, a provincially designated heritage site, is valued at \$1. Capital improvements to St. Ann's Academy paid for by the Commission are recorded at cost.

Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for buildings is 40 years and for furniture and equipment is 5 years.

##### Revenue recognition

The Commission follows the deferral method of accounting for contributions. Revenue related to expenditures of future periods is deferred and recognized in the period in which the related expenditures are incurred.

# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2000

### 2. Summary of significant accounting policies (continued)

#### Grant expenditures

Grant expenditures are recorded when they are approved and all eligibility criteria have been met.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

3. Short term investments	<u>2000</u>	<u>1999</u>
Cost	\$ 4,035,286	\$ 4,403,205
Unrealized gain	<u>34,293</u>	<u>18,770</u>
Market value	<u>\$ 4,069,579</u>	<u>\$ 4,421,975</u>

4. Capital assets			<u>2000</u>	<u>1999</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 7,409,220	\$ -	\$ 7,409,220	\$ 7,409,220
Buildings	5,658,799	2,263,112	3,395,687	3,431,544
Furniture and equipment	265,102	149,518	115,584	88,573
St. Ann's Academy	558,684	27,301	531,383	498,775
Park lands and green spaces	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
	<u>\$ 13,891,806</u>	<u>\$ 2,439,931</u>	<u>\$ 11,451,875</u>	<u>\$ 11,428,113</u>

The 48 parcels of land that make up park lands and green spaces have an assessed value of \$15,711,400 (1999: \$15,684,600).

St. Ann's Academy, excluding the Chapel and Interpretative Centre, has been leased to the British Columbia Buildings Corporation for 51 years for \$10 in exchange for the Corporation performing renovations to the building and property. At the completion of the lease period, all improvements become the property of the Commission. St. Ann's Academy has an assessed value of \$20,146,100 (land, \$10,123,000; building, \$10,023,100) (1999: \$15,264,100).

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# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2000

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### 5. Related party transactions and balances

In addition to the amounts due from and to the Province of British Columbia, a related party, the Commission had the following transactions and balances outstanding with the Province of British Columbia and related entities:

- The Ministry of Finance and Corporate Relations acts as fiscal agent for the Commission and also provides payroll processing currently at no charge.
- Rent revenue of \$112,299 (1999: \$85,340) was received from British Columbia Buildings Corporation.
- Rent revenue of \$26,959 (1999: \$17,310) was received from Ministry of Education.
- Operating costs of \$45,594 (1999: \$27,958) and capital improvement costs of \$3,740 (1999: \$148,939) relating to St. Ann's Academy were paid to British Columbia Buildings Corporation.
- Insurance costs of \$37,720 (1999: \$48,281) were paid to the Ministry of Finance Risk Management.
- Professional fees of \$7,130 (1999: \$0) relating to the Belleville passenger terminal redevelopment were paid to British Columbia Buildings Corporation.
- Printing costs of \$12,640 (1999: \$38,324) were paid to the Queen's Printer.
- Grants payable includes \$0 (1999: \$55,547) due to Ministry of Transportation and Highways. The related \$7,477 (1999: \$55,547) expenditure is included in Greenways grant expenditures for the Lochside Trail Extension Project.

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### 6. Deferred contributions

2000

1999

Deferred contributions relate to contributed capital assets received from the Province of British Columbia. The change in the deferred contribution balance for the year is as follows:

Opening balance	\$ 1,969,973	\$ 2,052,564
Less: amounts amortized to revenue	<u>92,591</u>	<u>92,591</u>
	<u>\$ 1,877,382</u>	<u>\$ 1,969,973</u>

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# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2000

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### 7. Restrictions on net assets

Net assets restricted for Beautification and Greenways are comprised of unexpended balances of amounts approved by Orders in Council for projects which are not yet completed or amounts restricted by the Board of Directors which have not yet been allocated to projects. Such projects are undertaken in cooperation with Capital Improvement Districts, municipalities and other groups.

During the year, the Commission's Board of Directors internally restricted \$250,000 to be used for Beautification purposes. Approval from the provincial government by way of Order in Council is required before these internally restricted amounts can be expended as grants.

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### 8. Pension plan

The Commission and its employees contribute to the Public Service Pension Plan administered by the Superannuation Commission, a Division of the Ministry of Finance and Corporate Relations. The Plan is a defined benefit pension plan. The Province of British Columbia has statutory responsibilities for any unfunded liability. The contributions by the Provincial Capital Commission are expensed in the year when payments are made.

The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position. As a result of this valuation the Superannuation Commission has refunded a portion of the Commission's employer contributions of \$59,900, which were credited to salaries and wages during the year.

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### 9. Comparative figures

Certain 1999 comparative figures have been reclassified to conform to the presentation adopted in the current year.

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# Provincial Capital Commission

## Schedule of General Operations and Crystal Garden

Schedule 1

Year Ended March 31

	General Operations		Crystal Garden		Total	
	2000	1999	2000	1999	2000	1999
<b>Revenue</b>						
Admissions	\$ -	\$ -	\$ 693,090	\$ 924,969	\$ 693,090	\$ 924,969
Ballroom and bar	-	-	125,128	111,501	125,128	111,501
Contributions (Note 6)	29,761	29,761	62,810	62,810	92,591	92,591
Donations - St. Ann's	10,485	9,036	-	-	10,485	9,036
Gain on sale of assets	-	-	1,055	6,000	1,055	6,000
Investment income	236,502	231,343	-	-	236,502	231,343
Miscellaneous	20,843	13,718	48,553	32,051	69,396	45,769
Parking lots	472,721	484,384	-	-	472,721	484,384
St. Ann's	84,318	45,567	-	-	84,318	45,567
Tenant (Note 5)	911,964	669,705	213,163	212,654	1,125,127	1,082,360
	<u>1,766,614</u>	<u>1,683,535</u>	<u>1,343,799</u>	<u>1,349,985</u>	<u>3,110,413</u>	<u>3,033,520</u>
<b>Expenditures</b>						
Advertising and promotion	22,817	21,151	86,757	95,890	109,574	117,041
Advisory committee	15,483	6,485	-	-	15,483	6,485
Amortization	101,235	92,852	94,393	85,320	195,629	178,172
Aviary	-	-	46,142	36,388	46,142	36,388
Bad debts (recovered)	-	-	-	(99,999)	-	(99,999)
Ballroom and bar	-	-	42,833	38,272	42,833	38,272
Butterflies	-	-	29,091	27,689	29,091	27,689
Freight	-	-	6,993	6,995	6,993	6,995
Horticultural	-	-	51,251	42,152	51,251	42,152
Insurance	25,304	27,235	13,720	22,129	39,024	49,364
Janitorial	51,522	36,199	65,740	64,548	117,262	100,747
Landscaping	126,277	24,359	-	-	126,277	24,359
Miscellaneous	20,432	45,409	36,640	26,702	57,072	68,400
Office	38,826	38,994	12,866	7,403	52,692	46,397
Operating costs - St. Ann's	123,824	106,467	-	-	123,824	106,467
Parking collection fees	41,210	42,213	-	-	41,210	42,213
Professional services	84,869	48,585	375	-	85,244	48,585
Property tax	-	12,179	11,356	-	11,356	12,179
Rent	3,338	9,983	-	-	3,338	8,963
Repairs and maintenance	107,111	108,073	142,005	100,808	249,116	212,592
Salaries and benefits	544,054	458,024	667,504	707,862	1,211,558	1,165,886
Security	7,159	6,324	10,081	8,387	17,240	14,711
Telephone	8,520	3,194	10,208	8,156	18,728	11,350
Travel	5,002	6,690	4,343	8,697	9,345	15,387
Utilities	39,206	27,217	78,239	74,445	117,445	101,662
	<u>1,367,190</u>	<u>1,120,613</u>	<u>1,410,537</u>	<u>1,261,844</u>	<u>2,777,727</u>	<u>2,382,457</u>
	<u>\$ 399,424</u>	<u>\$ 562,922</u>	<u>\$ (66,738)</u>	<u>\$ 88,141</u>	<u>\$ 332,686</u>	<u>\$ 651,063</u>

# Provincial Capital Commission

## Schedule of Net Assets Restricted for Beautification

Schedule 2

Year Ended March 31, 2000

Beautification Projects	Balance at Beginning of Year	Current Year		Balance at end of Year
		Restrictions	Grant Expenditures	
Internally restricted	\$ 200,000	\$ 250,000	\$ -	\$ -
Allocated to projects below		(199,625)		250,375
Externally restricted				
Chinese Cemetery Project	-	5,000	-	5,000
Confederation Square	8,000	-	-	8,000
Downtown Langford	-	61,000	-	61,000
Esquimalt Shipyard Memorial Park	-	5,625	-	5,625
Esquimalt Town Square	-	20,000	-	20,000
Gordon Head Greenway	-	5,000	5,000	-
Highlands Heritage Park	10,000	-	10,000	-
Highway Entrances	-	15,000	-	15,000
Oak Bay Avenue Planting	3,933	-	-	3,933
Ogden Point Waterfront	-	32,000	17,582	14,418
Pat Bay Highway Greenway Phase II	-	6,000	-	6,000
Selkirk Arbutus Walkway	40,000	-	-	40,000
Sidney Gateway/Floral Display	-	30,000	-	30,000
Switch Bridge Gateway	-	20,000	-	20,000
Westsong Way Study	12,000	-	-	12,000
	<u>\$ 273,933</u>	<u>\$ 250,000</u>	<u>\$ 32,582</u>	<u>\$ 491,351</u>

**Provincial Capital Commission**  
**Schedule of Net Assets Restricted for Greenways**

Schedule 3

Year Ended March 31, 2000

<u>Greenways Projects</u>	Balance at beginning of Year	<u>Current Year</u>		Balance at end of Year
		<u>Restrictions</u>	<u>Grant Expenditures</u>	
Internally restricted	\$ 644,844			
Allocated to projects below	-	(289,210)		355,634
Externally restricted				
Bazan Bay Park Improvement	58,500	-	58,500	-
Blenkinsop Lake Bridge	-	160,000	-	160,000
Chinese Cemetery Greenway Link	-	2,500	-	2,500
City of Colwood Greenways Plan	5,000	-	5,000	-
Colquitz River Greenway	50,000	-	50,000	-
Dockside Greenways Link	25,862	-	24,298	1,564
Duke Road Path	25,000	-	-	25,000
Galloping Goose Phase II	3,528	-	-	3,528
Glen Lake School/Park Trail	-	25,000	-	25,000
Green Spaces and Natural Habitat	7,500	-	7,500	-
Greenway Link ML Newton X-Road	70,000	-	-	70,000
Greenways Master Plan	-	11,500	-	11,500
Habitat Inventory	1,000	-	1,000	-
Hagen Creek Watershed	-	7,500	-	7,500
Hately-Beach Link Trail	-	14,000	-	14,000
Langford/Goldie Trail	60,000	-	60,000	-
Lochside Trail (Central Saanich)	21,525	-	16,497	5,028
Lochside Trail Extension (Note 5)	19,453	-	7,477	11,976
Pat Bay Highway Greenway	6,000	-	-	6,000
Ponside Walkway View Point	56,870	-	56,870	-
Royal Oak/Rilhets Reservoir Trail	18,000	-	18,000	-
Spirit Garden Greenway	2,087	-	1,442	645
Stabilization/Restoration of Ornamental Gardens	-	50,000	-	50,000
Strandland/Mill Hill Connection	40,000	-	40,000	-
Tod Creek/Prospect Lake Stewardship Program	-	14,980	-	14,980
Trail Land Stream Stewardship	25,000	-	-	25,000
West Bay/Macauley Point Greenway Connector	-	3,750	-	3,750
	<u>\$ 1,140,169</u>	<u>\$ -</u>	<u>\$ 346,584</u>	<u>\$ 793,585</u>