

## Report of the Auditor General of British Columbia

*To the Members of the Board of Directors  
of Tourism British Columbia, and*

*To the Minister of Small Business, Tourism and Culture,  
Province of British Columbia:*

I have audited the statement of financial position of *Tourism British Columbia* as at March 31, 2000 and the statements of operations and unappropriated net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 *Tourism British Columbia* as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Wayne Strelieff, CA  
Auditor General

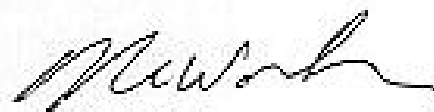
*Victoria, British Columbia  
May 26, 2000*

**TOURISM BRITISH COLUMBIA**  
**STATEMENT OF FINANCIAL POSITION**  
as at March 31, 2000

	2000	1999 (Restated - Note 3)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 10,007,371	\$ 9,866,510
Accounts receivable:		
Province of British Columbia	2,342,023	1,826,522
Other	1,039,535	612,337
Inventories	98,056	83,250
Prepaid expenses	64,643	61,105
	13,549,628	12,449,724
 Capital assets (Note 5)	 1,488,868	 1,057,650
<b>Total assets</b>	<b>\$ 15,046,496</b>	<b>\$ 13,507,574</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable:		
Province of British Columbia	\$ 19,300	\$ 945,202
Other	6,422,253	4,229,971
	6,441,553	5,175,173
 Long term liabilities (Note 6)	 307,647	 403,403
 <b>Net assets</b>		
Contributed surplus (Note 7)	1,168,955	1,168,955
Unappropriated (Note 3)	7,130,341	6,751,953
	8,297,296	7,926,908
<b>Total liabilities and net assets</b>	<b>\$ 15,046,496</b>	<b>\$ 13,507,574</b>
 Commitments (Note 8)		

Approved on behalf of the Board:

  
Jean Anderson  
Chair

  
Nick Worhaug  
Director

**TOURISM BRITISH COLUMBIA**  
**STATEMENT OF OPERATIONS AND UNAPPROPRIATED NET ASSETS**  
for the year ended March 31, 2000

	<u>2000</u>	<u>1999</u> (Restated - Note 3)
<b>Revenues</b>		
Hotel room tax	\$ 21,750,891	\$ 20,531,923
Other revenue (Note 9)	5,105,604	3,323,610
<b>Total revenues</b>	<u>26,856,495</u>	<u>23,855,533</u>
<b>Expenses</b>		
Marketing and Sales	10,400,715	10,337,645
Tourism Operations	9,149,090	8,862,624
Business Development	2,987,378	2,598,446
General and administration	3,626,819	3,449,931
Amortization	444,115	270,903
<b>Total expenses</b>	<u>26,488,107</u>	<u>25,509,749</u>
<b>Excess (deficiency) of revenues over expenses</b>	368,388	(1,654,216)
<b>Unappropriated net assets, beginning of year</b>	6,761,953	6,063,549
<b>Joint venture consolidation (Note 10)</b>	<u>-</u>	<u>352,620</u>
<b>Unappropriated net assets, end of year</b>	<u>\$ 7,130,341</u>	<u>\$ 6,761,953</u>

TOURISM BRITISH COLUMBIA  
STATEMENT OF CASH FLOWS  
for the year ended March 31, 2000

	<u>2000</u>	<u>1999</u> (Restated - Note 3)
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 368,388	\$ (1,654,218)
Items not involving cash and changes in working capital accounts		
Accounts receivable	(942,699)	(622,387)
Inventories	(12,806)	13,488
Prepaid expenses	(3,538)	(59,814)
Accounts payable	1,266,380	885,985
Amortization	444,115	270,903
Cash provided (used) by operating activities	<u>1,119,840</u>	<u>(1,166,041)</u>
<b>Investing activities</b>		
Additions to capital assets	<u>(883,133)</u>	<u>(350,846)</u>
Cash used in investing activities	<u>(883,133)</u>	<u>(350,846)</u>
<b>Financing activities</b>		
Settlement of joint venture liability	-	106,075
Long term liabilities	(95,846)	156,041
Contributed surplus	-	(13,179)
Cash (used) provided by financing activities	<u>(95,846)</u>	<u>250,937</u>
Net increase (decrease) in cash position for the year	<u>140,861</u>	<u>(1,265,950)</u>
Cash position at beginning of period	<u>9,866,510</u>	<u>11,132,460</u>
Cash position at end of period	<u>\$ 10,007,371</u>	<u>\$ 9,866,510</u>

**TOURISM BRITISH COLUMBIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2000

**1. Authority and purpose**

Tourism British Columbia (the Corporation) is a provincial Crown corporation established by the *Tourism British Columbia Act* on June 27, 1997. The purpose of the Corporation is to promote development and growth in the tourism industry, to increase revenue and employment in the industry throughout British Columbia and to increase the economic benefits generated by the industry.

Under the *Tourism British Columbia Act*, Tourism British Columbia is entitled to the net revenue collected under section 3.1 of the *Hotel Room Tax Act*.

The Corporation is exempt from federal and provincial income taxes and from the federal goods and services tax.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles.

**(a) Revenue recognition**

Hotel room tax revenue is recognized in the period that consumers are charged the tax on their accommodation by the provincial government. Program revenues are recognized in the period services are rendered.

**(b) Capital assets**

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Estimated useful lives are as follows:

Computer equipment	3 years
Computer software	2 years
Furniture and equipment	5 years
Website development costs	3 years
Leasehold improvements	term of the lease
Trademarks	20 years

Assets costing less than \$500 are expensed in the year of purchase.

**(c) Inventories**

Inventories held for resale are valued at the lower of cost and net realizable value. Supplies inventories are valued at cost.

**(d) Related parties**

Tourism British Columbia is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts.

**TOURISM BRITISH COLUMBIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2000

3. Restatement of prior year's figures

Hotel room tax revenue was understated in 1998/99 by \$441,976, due to incomplete information being reported to the Corporation, and the use of that information to record the March 1999 accrual. Consequently the financial statements for the prior year have been restated. Accounts receivable have increased by \$441,976, hotel room tax revenue has increased by \$441,976, deficiency of revenues over expenses has decreased by \$441,976, and unappropriated net assets has increased by \$441,976.

4. Financial instruments

The Corporation's financial instruments consist of cash held in its general bank account, accounts receivable, accounts payable and long term liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The Corporation earned an average return of 4.73% (1999 - 4.97%) on its cash balance over the past 12 months.

5. Capital assets

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$1,193,453	\$615,079	\$578,374	\$745,031
Computer software	145,916	51,972	93,944	31,733
Furniture and equipment	317,946	93,846	224,100	230,092
Website development costs	512,069	46,056	466,013	-
Leasehold improvements	39,058	3,923	35,135	-
Trademarks	102,075	2,773	99,302	50,994
	<u>\$2,310,517</u>	<u>\$813,649</u>	<u>\$1,496,868</u>	<u>\$1,057,850</u>

6. Long term liabilities

	2000	1999
Employee leave liability	\$376,276	\$293,586
Less: Current portion	(65,629)	(169,123)
Due to BC Tel Interactive	-	224,291
Due to BC Buildings Corporation	-	54,739
	<u>\$307,647</u>	<u>\$403,493</u>

7. Contributed surplus

Contributed surplus represents transfers from the Province of British Columbia of assets and liabilities accumulated by the Special Operating Agency - Tourism BC, prior to the formation of the Corporation.

TOURISM BRITISH COLUMBIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended March 31, 2000

8. Commitments

The future minimum lease payments for office space for the next five fiscal years are:

2001	\$589,916
2002	618,594
2003	570,721
2004	308,754
2005	48,000
	<u>\$2,135,985</u>

9. Other revenue

	2000	1999
<b>Tourism Operations</b>		
Accommodation Guide revenues	\$1,377,454	\$1,255,027
Discover Camping reservation fees	910,666	64,612
Super, Natural British Columbia reservation fees	1,053,729	551,618
Training services	320,982	364,669
Merchandise sales	104,426	36,027
Other	44,207	46,852
	<u>3,811,465</u>	<u>2,319,105</u>
<b>Business Development</b>		
Publication advertising revenues	716,732	399,270
Other	22,529	32,155
	<u>739,261</u>	<u>431,425</u>
<b>Marketing and Sales</b>		
Trade and consumer show	130,807	17,019
Other	15,110	60,356
	<u>145,917</u>	<u>77,375</u>
<b>Foreign Exchange Gains (Losses)</b>	3,695	(8,344)
<b>Interest Income</b>	405,265	504,049
	<u>\$5,105,604</u>	<u>\$3,323,610</u>

10. Purchase of co-venturer's interest in Super, Natural British Columbia joint venture

Effective on February 28, 1999, the Corporation purchased BC Tel Interactive's 50% share of the joint venture known as the Super, Natural British Columbia (SNBC) reservation system. Upon termination of the joint venture relationship, the assets, liabilities, and closing deficit of SNBC were settled and effective March 31, 1999, the Corporation secured full control over SNBC.

**TOURISM BRITISH COLUMBIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended March 31, 2000

**11. Pension plan**

The Corporation and its employees contribute to the Public Service Pension Plan in accordance with the *Pension (Public Service) Act*. The Plan is a defined benefit plan and is administered by the British Columbia Pension Corporation. The financial statements of the Plan are included in the Public Accounts of the Province. An actuarial valuation of the assets and liabilities of the Plan made at March 31, 1999 indicated a surplus. As a result of this valuation, the Corporation received rebates of employer contributions totalling \$158,303 during the fiscal year.

**12. Comparative amounts:**

Some 1999 comparative amounts have been restated to conform with the presentation of the financial statements for 2000.