

**Provincial Capital Commission  
Financial Statements**

March 31, 2004

Grant Thornton 

# Contents

	<b><u>Page</u></b>
Management's Responsibility for Financial Reporting	
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10
Schedule of Crystal Garden Operations	11
Schedule of Port Facility Operations	12
Schedule of Net Assets Restricted for Beautification	13
Schedule of Net Assets Restricted for Greenways	14

# Provincial Capital Commission Financial Statements

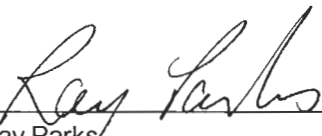
Year Ended March 31, 2004

## Management's Responsibility for Financial Reporting

The financial statements of the Provincial Capital Commission have been prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner.

Grant Thornton LLP has performed an independent audit of the financial statements of the Provincial Capital Commission. The Auditors' Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the Provincial Capital Commission.

  
\_\_\_\_\_  
Ray Parks  
CEO  
\_\_\_\_\_  
Deborah Eddy  
Director, Financial Services

Victoria, British Columbia  
April 27, 2004

## Auditors' Report

To the Members of the Provincial Capital Commission, and  
To the Minister of Community, Aboriginal and Women's Services, Province of British Columbia

We have audited the statement of financial position of Provincial Capital Commission as at March 31, 2004 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. 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 Commission as at March 31, 2004 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for 2003 were reported on by the Auditor General of British Columbia.

Victoria, Canada  
April 27, 2004

*Grant Thornton LLP*

Grant Thornton LLP  
Chartered Accountants

# Provincial Capital Commission

## Statement of Financial Position

March 31

2004

2003

### Assets

#### Current

Cash	\$ 577,323	\$ 1,710,082
Short term investments (Notes 3 and 6)	3,714,553	3,325,509
Receivables	112,699	72,555
Inventories	7,454	9,817
Prepays	<u>36,156</u>	<u>23,061</u>
	4,448,185	5,141,024

Capital assets (Note 4)	<u>14,997,869</u>	<u>14,562,917</u>
	<u>\$ 19,446,054</u>	<u>\$ 19,703,941</u>

### Liabilities

#### Current

Payables and accruals	\$ 288,564	\$ 426,833
Due to Province of British Columbia (Note 5)	209,126	121,129
Deferred revenue	<u>53,919</u>	<u>72,383</u>
	551,609	620,345

Deferred contributions (Note 6)	1,377,267	1,433,804
Deferred contributions related to capital assets (Note 7)	<u>1,923,268</u>	<u>2,026,959</u>
	<u>3,852,144</u>	<u>4,081,108</u>

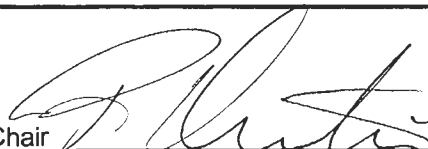
### Net assets

Invested in capital assets	13,074,601	12,535,958
Restricted for Beautification (Note 8)	64,466	204,984
Restricted for Greenways (Note 8)	453,972	791,648
Restricted for Belleville Port Facility (Note 8)	407,501	224,737
Restricted for Building Remediation (Note 8)	294,487	-
Unrestricted	<u>1,298,883</u>	<u>1,865,506</u>
	<u>15,593,910</u>	<u>15,622,833</u>
	<u>\$ 19,446,054</u>	<u>\$ 19,703,941</u>

On behalf of the Commission



Chair



Member

See accompanying notes to the financial statements.

# Provincial Capital Commission

## Statement of Operations

Year Ended March 31 2004 2003

Revenue		
Contributions		
Provincial (Note 7)	\$ 29,781	\$ 29,781
Investment income	154,906	160,722
Miscellaneous	16,405	20,444
Parking lots	479,240	433,878
St. Ann's revenue	117,019	106,428
Tenant (Note 5)	<u>1,085,836</u>	<u>975,655</u>
	<u>1,883,187</u>	<u>1,726,908</u>
Expenditures		
Advertising and promotion	7,434	5,344
Advisory committee	4,344	7,786
Amortization	143,298	101,292
CEO recruitment	35,591	-
Crystal Garden closure	58,879	-
Harbour Planning project	75,879	-
Insurance	47,122	28,371
Janitorial	60,973	59,530
Lease arbitration	27,547	-
Parks maintenance and landscaping	56,729	54,526
Miscellaneous	31,859	23,670
Office	50,820	37,688
Operating costs, St. Ann's	62,736	122,911
Outreach and communications	37,610	-
Parking collection fees	35,592	32,185
Professional fees	62,779	33,341
Property review	39,958	-
Repairs and maintenance	67,960	66,650
Salaries and benefits (Note 9)	522,229	410,409
Security	7,789	7,572
Telephone	15,503	11,247
Travel	26,235	8,447
Utilities	<u>105,857</u>	<u>55,644</u>
	<u>1,584,723</u>	<u>1,066,613</u>
Excess (deficiency) of revenue over expenditures from:		
General operations	298,464	660,295
Other operations		
Crystal Garden (Schedule 1)	(263,944)	(183,390)
Port Facility (Schedule 2)	182,764	180,245
Beautification grants (Schedule 3)	(40,000)	-
Greenways grants (Schedule 4)	<u>(206,207)</u>	<u>(196,580)</u>
Total (deficiency) excess of revenue over expenditures	<u>\$ (28,923)</u>	<u>\$ 460,570</u>

# Provincial Capital Commission

## Statement of Changes in Net Assets

Year Ended March 31, 2004

	Invested in Capital Assets	Restricted				Unrestricted	Balance 2004	Balance 2003
		Beautification (Schedule 3)	Greenways (Schedule 4)	Belleville Port Facility	Building Remediation			
Balance, beginning of year	\$ 12,535,958	\$ 204,984	\$ 791,648	\$ 224,737	\$ -	\$ 1,865,506	\$ 15,622,833	\$ 15,162,263
(Deficiency) excess of revenue over expenditures	(158,327)	(40,000)	(206,207)	-	-	375,611	(28,923)	460,570
Investment in capital assets	696,970	-	-	-	-	(696,970)	-	-
Internally imposed restrictions (Note 8)	-	-	62,500	182,764	-	(245,264)	-	-
Transfers	-	(100,518)	(193,969)	-	294,487	-	-	-
Balance, end of year	\$ 13,074,601	\$ 64,466	\$ 453,972	\$ 407,501	\$ 294,487	\$ 1,298,883	\$ 15,593,910	\$ 15,622,833

See accompanying notes to the financial statements.

# Provincial Capital Commission

## Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash

### Cash flow from operating activities

Cash received from commercial activities	\$ 3,059,937	\$ 2,976,726
Cash received from contributions and donations	130	790
Investment income received for operating purposes	195,195	198,690
Miscellaneous receipts	83,350	75,317
Cash paid for salaries and benefits	(1,474,674)	(1,284,670)
Cash paid for materials and services	(1,664,477)	(966,322)
Cash paid for grants	<u>(246,207)</u>	<u>(196,580)</u>
Net cash (used) generated through operating activities	<u>(46,745)</u>	<u>803,951</u>

### Cash flows from investing activities

Short-term investments, net	(389,044)	43,555
Purchase of capital assets	<u>(696,970)</u>	<u>(724,541)</u>
Net cash used in investing activities	<u>(1,086,014)</u>	<u>(680,986)</u>

Net (decrease) increase in cash	(1,132,759)	122,965
Cash, beginning of year	<u>1,710,082</u>	<u>1,587,117</u>
Cash, end of year	<u>\$ 577,323</u>	<u>\$ 1,710,082</u>

See accompanying notes to the financial statements.



---

# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2004

---

### 1. Purpose of the Commission

The Provincial Capital Commission operates under authority of the Capital Commission Act of British Columbia. It is controlled by the provincial government of British Columbia and is exempt from federal and provincial income taxes.

The Commission was established in 1956 to enhance the amenities and environment in the Great Victoria area and to respond to requests from various levels of government to undertake special projects. The new mandate of the Provincial Capital Commission is to connect and celebrate the Capital with every British Columbian as well as preservation of its heritage assets.

---

### 2. Summary of significant accounting policies

#### Basis of accounting

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

#### 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 contribution of park lands and green spaces is 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 forty years and for furniture and equipment is five years. No amortization is recognized on capital assets under development.

#### Grant expenditures

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

---

# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2004

---

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

#### Revenue recognition

The Commission 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.

Other revenue related to expenditures of future periods is deferred and recognized in the period in which the related expenditures are incurred.

#### Employee benefit plans

The Commission and its employees contribute to the Public Service Pension Plan (the plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer contributory defined benefit pension plan with over 54,000 active plan members and approximately 27,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation as at March 31, 2002, indicated a \$546 million surplus for funding purposes. The actuary does not attribute portions of the surplus to individual employers.

The Commission also contributes through the Provincial Government payroll system for specific health care and termination benefits as provided for under collective agreements and terms of employment.

Defined contribution plan accounting is applied to these benefit plans as the Commission has insufficient information to apply defined benefit plan accounting. As such, the cost of these employee future benefits is recognized as an expense in the year that contributions are paid.

#### Financial instruments

The Commission's financial instruments consist of short term investments, receivables, payables and accruals, and the amounts due to the Province of British Columbia. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest or foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

#### Use of estimates

In preparing the Commission'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. Actual results could differ from these estimates.

# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2004

3. Short term investments	<u>2004</u>	<u>2003</u>
Market value	\$ 3,776,653	\$ 3,376,706
Less: unrealized gain	<u>62,100</u>	<u>51,197</u>
Cost	<u>\$ 3,714,553</u>	<u>\$ 3,325,509</u>

4. Capital assets	<u>2004</u>			<u>2003</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 9,575,220	\$ -	\$ 9,575,220	\$ 9,575,220
Buildings	7,423,472	2,886,948	4,536,524	3,573,856
Building addition under development	-	-	-	510,196
Wharves	313,126	31,313	281,814	-
Wharves under development	-	-	-	267,518
Furniture and equipment	403,845	332,228	71,617	98,546
St. Ann's Academy	619,667	86,973	532,694	537,580
Park lands and green spaces	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
	<u>\$ 18,235,330</u>	<u>\$ 3,337,462</u>	<u>\$ 14,997,869</u>	<u>\$ 14,562,917</u>

The 60 parcels of land that make up parklands and green spaces have an assessed value of \$21,103,100 (2003: \$18,991,624).

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 \$24,923,500 (land, \$13,906,000; building, \$11,017,500) (2003: \$23,502,200).

### 5. Related party transactions and balances

In addition to the amount due to the Province of British Columbia, which controls the Commission, the Commission had the following transactions with the Province of British Columbia and its 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 \$28,738 (2003: \$27,298) was received from British Columbia Buildings Corporation.
- Operating costs of \$45,473 (2003: \$53,683) relating to St. Ann's Academy were paid to British Columbia Buildings Corporation.

# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2004

### 5. Related party transactions and balances (continued)

- Insurance costs of \$45,604 (2003: \$35,324) were paid to the Ministry of Finance Risk Management.
- Printing costs of \$2,135 (2003: \$1,479) were paid to the Queen's Printer.

### 6. Deferred contributions

Deferred contributions represent unspent contributions restricted by Transport Canada. Transport Canada provided \$1.5 million in cash in the 2002 fiscal year for the continued operation of the Belleville Port Facility. The contribution may only be used for eligible expenditures to operate the port, as described in the Transport Canada Contribution Agreement dated December 4, 2001. Any unused funds must be returned to Transport Canada after ten years of operations. Cash or investments held at the end of the year subject to these restrictions are equal to \$1,377,267 (2003: \$1,433,804).

Changes in the deferred contributions balance are as follows:	<u>2004</u>	<u>2003</u>
Opening balance	\$ 1,433,804	\$ 1,479,091
Less: amount recognized as revenue	<u>56,537</u>	<u>45,287</u>
Ending balance	<u>\$ 1,377,267</u>	<u>\$ 1,433,804</u>

### 7. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributed assets received from the Province of British Columbia and Transport Canada in prior years.

Transport Canada contributed \$2 million in land, buildings and wharves to the Commission in the 2002 fiscal year. The \$444,000 portion of the contribution allocated to buildings and wharves was deferred and is recognized as revenue on the same basis as amortization expense. The land contribution of \$1,556,000 was accounted for as a direct increase to net assets.

Changes in the deferred contributions balance are as follows:	<u>2004</u>	<u>2003</u>
Opening balance	\$ 2,026,959	\$ 2,130,650
Add: contributed buildings and wharves	-	-
Less: amounts amortized to revenue		
General	\$ 29,781	
Crystal Garden	62,810	
Port Facility	<u>11,100</u>	<u>103,691</u>
Ending balance	<u>\$ 1,923,268</u>	<u>\$ 2,026,959</u>

---

# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2004

---

### 8. 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.

The Board of Directors has internally restricted net revenue derived since December 4, 2001 from the operation of the Belleville Port Facility to be used for the operation of, and improvement to, the Belleville Port Facility. The current year restriction totals \$182,764 (2003: \$180,245).

In response to the new mandate of the Commission, during the year the Board of Directors removed internal restrictions from funds previously restricted for Beautification (\$100,518) and Greenways (\$193,969) and internally restricted the same amounts for remediation of the core real estate assets.

---

### 9. Employee benefits

The Commission has defined benefit plans providing pension, other retirement and post-employment benefits to most of its employees. The Commission contributed 22.72% (2003: 21.22%) of salaries and wages to fund the cost of pension, health care and specific termination benefits and allowances. Total benefit expense in the year was \$356,227 (2003: \$205,392).

---

### 10. Crystal Garden closure

During the year, the Board of Directors of the Commission passed a motion to close the Crystal Garden Conservation Centre operations by September 7, 2004. The Crystal Garden space will be vacated by October 31, 2004 and the Commission has requested proposals from potential new tenants.

---

# Provincial Capital Commission

## Schedule of Crystal Garden Operations

Schedule 1

Year Ended March 31

2004

2003

Revenue		
Admissions	\$ 886,048	\$ 839,158
Ballroom and bar	133,486	138,938
Contributions, Provincial (Note 7)	62,810	62,810
Miscellaneous	67,075	55,663
Tenant (Note 5)	<u>274,441</u>	<u>279,340</u>
	<u>1,423,860</u>	<u>1,375,909</u>
Expenditures		
Advertising and promotion	64,408	53,426
Amortization	107,620	109,459
Aviary	60,148	56,686
Ballroom and bar	47,151	46,329
Butterflies	49,579	42,088
Freight	9,391	9,533
Horticultural	38,742	42,719
Insurance	30,070	23,288
Janitorial	64,145	66,559
Miscellaneous	58,552	44,038
Office	20,662	14,004
Professional fees	49	-
Repairs and maintenance	115,887	132,100
Salaries and benefits (Note 9)	892,579	794,965
Security	9,818	12,321
Telephone	17,180	11,324
Travel	2,669	2,270
Utilities	<u>99,156</u>	<u>98,190</u>
	<u>1,687,806</u>	<u>1,559,299</u>
	<u>\$ (263,944)</u>	<u>\$ (183,390)</u>

# Provincial Capital Commission

## Schedule of Port Facility Operations

Schedule 2

Year Ended March 31

2004

2003

### Revenue

Contributions, Federal		
Related to eligible expenditures (Note 6)	\$ 56,537	\$ 45,287
Related to capital assets (Note 7)	11,100	11,100
Investment income	40,289	37,968
Parking lots	25,955	21,513
Tenant income	<u>116,521</u>	<u>120,764</u>
	<u>250,402</u>	<u>236,632</u>

### Expenditures

Eligible expenditures (Note 6)		
Bank charges and interest	109	57
Janitorial	-	17,598
Parking collection fees	2,993	2,352
Professional fees	21,080	5,479
Repairs and maintenance	27,816	13,254
Salaries and benefits (Note 9)	438	1,293
Utilities	<u>4,101</u>	<u>5,254</u>
	<u>56,537</u>	<u>45,287</u>
Amortization	<u>11,100</u>	<u>11,100</u>
	<u>67,637</u>	<u>56,387</u>
	<u>\$ 182,764</u>	<u>\$ 180,245</u>

# Provincial Capital Commission

## Schedule of Net Assets Restricted for Beautification

Schedule 3

Year Ended March 31, 2004

Beautification Projects	Balance at Beginning of Year	Current Year		Balance at end of Year
		Restrictions	Grant Expenditures	
Internally restricted	\$ 100,518	\$ -	\$ -	
Transfer to building remediation fund		(100,518)		\$ -
Externally restricted				
Confederation Square	8,000	-	-	8,000
Marine Information Centre Project	40,000	-	(40,000)	-
Oak Bay Avenue Planting	3,933	-	-	3,933
Selkirk Arbutus Walkway	40,000	-	-	40,000
Switch Bridge Gateway	533	-	-	533
Westsong Way Study	12,000	-	-	12,000
	<u>104,466</u>	<u>-</u>	<u>(40,000)</u>	<u>64,466</u>
Total restricted net assets	<u>\$ 204,984</u>	<u>\$ (100,518)</u>	<u>\$ (40,000)</u>	<u>\$ 64,466</u>



# Provincial Capital Commission

## Schedule of Net Assets Restricted for Greenways

Schedule 4

Year Ended March 31, 2004

Greenways Projects	Balance at beginning of Year	Current Year		Balance at end of Year
		Restrictions	Grant Expenditures	
Internally restricted	\$ 316,255	62,500		
Allocated to projects below		(122,286)		
Transfer to building remediation fund		(193,969)	-	\$ 62,500
Externally restricted				
Banfield Park Waterfront Path	27,000	-	-	27,000
Blenkinsop Greenways Planning Project	15,000	-	-	15,000
Bowker Creek Corridor	1,749	-	(1,749)	-
Cecelia Ravine Park / Galloping Goose	202	-	-	202
Conservation Park Phase II	-	17,000	(17,000)	-
Dockside Greenways Link	1,564	-	-	1,564
Duke Road Path	25,000	-	-	25,000
Floating Boardwalk Improvement	-	9,336	(9,336)	-
Galloping Goose Phase II	3,528	-	-	3,528
Garry Oak Ecosystem Stewardship	-	8,950	(8,950)	-
Goldstream Meadows Connector	45,000	-	-	45,000
Good Neighbours Private Land Stewardship	4	-	-	4
Gorge Waterway Extension Phase IV	-	50,000	-	50,000
Gorge Waterway Park & Walkway Extension	50,000	-	(50,000)	-
Greenway Link Mt. Newton X-Road	3,238	-	-	3,238
Greenway Plan	3,168	-	-	3,168
Greenways Master Plan	11,500	-	-	11,500
Greenways Workshop	1,500	-	(1,500)	-
Hagen Creek Watershed	270	-	-	270
Lambrick Park Greenway	-	30,000	-	30,000
Lillian Hoffar Park	15,000	-	(15,000)	-
Lochside Trail (Central Saanich)	5,028	-	-	5,028
Lochside Trail Extension	11,976	-	-	11,976
Lockside Trail / Island View Road	50,000	-	-	50,000
Matson Lands/Westsong Way Signage	4,800	-	(4,800)	-
Millstream Creek Bridge	75,000	-	(75,000)	-
Oaklands Neighbourhood Green Space Project	469	-	(285)	184
Restoration of Dominion Brook Park Phase II	-	6,000	(5,985)	15
South Coast Rail Phase II	95,000	-	-	95,000
Spirit Garden Greenway	419	-	(419)	-
Switch Bridge Gateway	11,222	-	-	11,222
Tod Creek/Prospect Lake Stewardship Program	7,060	-	(6,183)	877
Tri-municipality Greenways Linkage	-	1,000	-	1,000
Weiler Avenue to Ocean Avenue Pathway	10,000	-	(10,000)	-
West Side Rail Trail	696	-	-	696
	<u>475,393</u>	<u>122,286</u>	<u>(206,207)</u>	<u>391,472</u>
Total restricted net assets	\$ 791,648	\$ (131,469)	\$ (206,207)	\$ 453,972