

AUDITORS' REPORT

To: The Board of Directors of the B.C. Games Society

We have audited the statement of financial position of the B.C. Games Society as at March 31, 2000 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Society as at March 31, 2000 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Mantell Dickson Blades Wierman

Victoria, B.C.
May 4, 2000

Chartered Accountants

B.C. GAMES SOCIETY

STATEMENT OF FINANCIAL POSITION

MARCH 31,

2000
\$

1999
\$

ASSETS

CURRENT

Cash
Receivables
Prepays

701,688 496,612
20,057 14,320
8,318 2,051

730,093 512,993

CAPITAL ASSETS (Note 3)

101,365 138,260

831,458 651,253

LIABILITIES

CURRENT

Payables and accruals

234,355 117,971

DEFERRED TRAINING (Note 4)

27,467 31,896

261,822 149,867

NET ASSETS

NET ASSETS INVESTED IN CAPITAL ASSETS

101,365 138,260

UNRESTRICTED NET ASSETS

468,271 363,126

569,636 501,386

831,458 651,253

COMMITMENTS (Note 6)

APPROVED BY THE BOARD:

 Director

Director

Director

B.C. GAMES SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31,

	Investment in Capital Assets \$	Unrestricted \$	2000 total \$	Investment in Capital Assets \$	Unrestricted \$	1999 Total \$
NET ASSETS, beginning of year	138,260	363,126	501,386	180,172	178,758	358,93
EXCESS OF REVENUE OVER EXPENSES	-	68,250	68,250	-	142,456	142,45
AMORTIZATION OF CAPITAL ASSETS	(58,015)	58,015	-	(59,410)	59,410	
INVESTMENT IN CAPITAL ASSETS	21,120	(21,120)	-	17,498	(17,498)	
NET ASSETS, end of year	101,365	468,271	569,636	138,260	363,126	501,38

B.C. GAMES SOCIETY

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31,	2000 \$	1999 \$
REVENUE		
Grants - Province of British Columbia	1,860,000	1,860,000
Corporate partners <i>(Note 9)</i>	-	65,000
Souvenirs	7,445	9,127
Senior's Games Contribution	30,000	30,000
Contract settlement	54,131	-
Athlete Registration	65,160	114,131
Interest earned	74,751	52,482
	<u>2,091,487</u>	<u>2,130,740</u>
EXPENSES		
Salaries and employee benefits	407,012	398,516
Travel and accommodations	69,953	60,607
Professional services	140,454	120,875
Computer maintenance	27,260	18,352
Office and business expenses	99,546	97,795
Advertising and publications	68,383	41,763
Insurance, leases and utilities	94,430	92,426
Games operating costs	328,184	372,668
Amortization	58,015	59,410
Operating grants, less returns	730,000	725,872
	<u>2,023,237</u>	<u>1,988,284</u>
EXCESS OF REVENUE OVER EXPENSES	<u>68,250</u>	<u>142,456</u>

See Schedules 1, 2 and 3 for Schedule of Expenses

B.C. GAMES SOCIETY

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31,

2000

1999

\$

\$

CASH FLOW DERIVED FROM (APPLIED TO)

Operating

Excess of revenue over expenses

68,250

142,456

Amortization

58,015

59,410

126,265

201,866

Changes in non-cash operating working capital

Receivables

(5,737)

103,555

Prepays

(6,287)

233

Payables and accruals

116,384

(7,669)

Deferred staff training

(4,429)

7,896

226,196

305,881

Investing

Purchase of equipment, less sales

(1,412)

(2,786)

Software development

(19,708)

(14,712)

(21,120)

(17,498)

NET INCREASE IN CASH

205,076

288,383

CASH, beginning of year

496,612

208,229

CASH, end of year

701,688

496,612

B.C. GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2000

1. STATEMENT OF PURPOSE

The Society was incorporated under the Society Act on June 26, 1987. Currently, the purpose of the Society is to provide event management services to the parent boards and host communities of the Northern B.C. Winter Games, the B.C. Winter Games, the B.C. Games for Athletes with a Disability, the B.C. Summer Games and the B.C. Senior Games. Approximately 85% of the Society's revenues are received from the Provincial Government with the remainder generated by corporate sponsors, surpluses from host societies, athlete registration fees, contract service and interest.

The Northern B.C. Winter Games, the B.C. Winter Games, the B.C. Games for Athletes with a Disability, the B.C. Summer Games and the B.C. Senior Games are planned and operated by societies incorporated in the host community for each event. These financial statements do not reflect the revenues and expenditures of the local societies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in Canada.

The term "Society" is used to mean the B.C. Games Society.

(a) Capital Assets

Amortization is calculated on a straight-line basis over the asset's estimated useful economic life, as follows:

Computer and general application software	3 years
Registration programs and computer cabling	5 years
Bedding, flags and signs for Host Societies	7 years
Furniture, equipment and trailer	10 years
Trademarks	20 years
Leaseholds	over the term of the lease

In the year of purchase capital assets are amortized at half their normal rates.

(b) Revenue Recognition

The Society follows the deferral method of accounting for Grants and Contributions received, whereby revenues are matched with expenses. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable.

Donated or discounted goods and services are recorded at the amount of cash consideration.

Receipt of surplus from Summer and Winter Games Societies is recorded at the earlier of cash receipt and final determination of the amount of the surplus.

B.C. GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Measurement Uncertainty and the Use of Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates.

(d) *Provincial Contributions*

The financial statements do not reflect certain administrative expenses incurred and paid directly by the Province of British Columbia in the delivery of the games.

(e) *Legacy Funds - Host Communities*

Host communities retain 100% of profits from souvenir sales and 50% of their operating surplus, if any, and all interest earned as part of their legacy fund.

(f) *Grants to Host Societies*

Grants to host societies are recorded as an expense when disbursements of funds has been authorized.

3. CAPITAL ASSETS

	2000 \$	1999 \$
Registration software	209,420	189,712
Application software	7,490	6,078
Computers	68,892	68,892
Bedding, flags and signs for Host Societies	162,038	162,038
Furniture and equipment	20,732	20,732
New cabling	8,436	8,436
Leaseholds	17,172	17,172
Trademarks	763	763
	<u>494,943</u>	<u>473,823</u>
At cost	494,943	473,823
Less: accumulated amortization	<u>393,578</u>	<u>335,563</u>
Net book value	<u>101,365</u>	<u>138,260</u>
Additions during the year		
Computers	-	3,214
Software	1,412	-
Registration software enhancements	19,708	14,712
Covers for sleeping mats	-	1,284
Sold during year - trailer	-	<u>(1,712)</u>
	<u>21,120</u>	<u>17,498</u>

B.C. GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2000

4. DEFERRED TRAINING

Funds have been set aside for a future staff training initiative. Using the deferral method, expenses of the project will be recorded against the balance of the fund as they are incurred.

5. SURPLUS FROM HOST SOCIETIES

Surplus from the host societies is comprised of:

	2000 \$	1999 \$
Ridge Meadows 1998 Summer Games Society	-	49,128

The surplus, if any, from Quesnel 2000 Winter Games and Victoria 2000 Summer Games will not be determinable until next fiscal year.

6. COMMITMENTS

The Society has commitments arising from contractual agreements for office equipment, television advertising, employment services, and a lease for office premises. The Society is also committed to provide funding to host societies for staging of events scheduled during the year.

General Commitments

Minimum annual commitments in each of the next five fiscal years are as follows:

	\$
2001	145,291
2002	132,191
2003	10,180
2004	3,883
2005	1,828
	<u>293,373</u>

Host Society Commitments

2001	
Victoria Summer Games Society	625,000
B.C. Senior Games	50,000
B.C. Senior Games	50,000
B.C. Games for Athletes With A Disability	50,000
Northern B.C. Winter Games	50,000
Williams Lake Winter Games Society	70,000
	<u>845,000</u>
2002	
Williams Lake Winter Games Society	500,000
	<u>1,345,000</u>

B.C. GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2000

7. RELATED PARTY TRANSACTIONS

The Society is economically dependent on the receipt of funding from the Province of British Columbia. Early in each fiscal year the annual funding for the Province is paid to the Society to cover the operating cost for that year. The use of the funds is governed by the Agreement for Financial Assistance signed by both parties.

Early in the fiscal year, the Society received funding of \$1,860,000 from the Province. These funds are held in trust by the Province in short-term securities with interest being credited to the Society each month.

Details of transactions are as follows:

	2000 \$	1999 \$
Grant received	1,860,000	1,860,000
Interest earned	73,698	50,561
Balance in the Investment Trust Account at year end	681,500	442,812

8. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, temporary investments and accounts payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

9. REVENUES FROM CORPORATE PARTNERS CONSIST OF

	2000 \$	1999 \$
B.C. Telephone	-	65,000

B.C. GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2000

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

11. SUBSEQUENT EVENT

Shortly after the year-end, the Society received funding of \$1,922,000 from the Province of British Columbia for the 2000/2001 fiscal year.

B.C. GAMES SOCIETY**SCHEDULE OF EXPENSES**

YEAR ENDED MARCH 31,

2000

1999

\$

\$

SALARIES AND EMPLOYEE BENEFITS

Base salaries	339,551	321,788
Casual employees	3,030	6,448
Overtime	3,612	11,538
Canada pension	10,132	8,261
Unemployment insurance	11,102	10,499
Medical services plan	4,600	3,985
Group insurance	18,942	18,480
Pension plan	14,585	15,693
Health development	100	349
Worker's Compensation Board	1,358	1,475
	<u>407,012</u>	<u>398,516</u>

TRAVEL AND ACCOMMODATION

Travel and accommodation	51,615	45,021
Per diem	13,912	10,807
Mileage and parking	4,426	4,779
	<u>69,953</u>	<u>60,607</u>

PROFESSIONAL SERVICES

CEO - fees	60,000	68,436
CEO - in lieu of benefits	12,000	9,441
External accountants	9,991	7,828
Economic impact studies	9,600	9,000
Independent audits	14,400	8,500
Special games projects	34,463	17,670
	<u>140,454</u>	<u>120,875</u>

B.C. GAMES SOCIETY

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	2000 \$	1999 \$
COMPUTER MAINTENANCE	-	-
Maintenance	<u>27,260</u>	<u>18,352</u>
	<u>27,260</u>	<u>18,352</u>
OFFICE AND BUSINESS EXPENSES		
Office supplies	21,952	19,477
Postage	12,725	6,987
Office expenses	16,996	16,960
Board administration	7,250	11,156
Staff training	739	3,667
Training initiative	8,000	8,000
Data input	311	570
Business expenses	4,722	5,291
G.S.T. expense portion	<u>26,851</u>	<u>25,687</u>
	<u>99,546</u>	<u>97,795</u>
ADVERTISING AND PUBLICATIONS		
Television advertising	25,000	20,000
Zone qualifying promotions	3,874	-
Corporate partner - souvenir program	3,500	6,659
Printing rule books and schedules	12,023	4,313
Corporate partner advertising	4,024	1,655
Marketing	<u>19,962</u>	<u>9,136</u>
	<u>68,383</u>	<u>41,763</u>
INSURANCE, LEASES, UTILITIES		
Office and liability insurance	16,116	13,783
Rent, utilities, property tax	45,513	46,388
Telephone	19,654	20,187
Equipment lease	<u>13,147</u>	<u>12,068</u>
	<u>94,430</u>	<u>92,426</u>

SCHEDULE 3

B.C. GAMES SOCIETY

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,

	2000 \$	1999 \$
GAMES OPERATING COSTS		
External transportation - Summer	-	357,175
External transportation - Winter	304,535	-
Games general supplies	23,649	15,493
	<u>328,184</u>	<u>372,668</u>
OPERATING GRANTS		
Northern B.C. Winter Games	50,000	50,000
B.C. Games for Athletes with a Disability	50,000	50,000
B.C. Senior Games	50,000	50,000
Ridge Meadows 1998 Summer Games Society	-	555,000
Quesnel 2000 Winter Games Society	500,000	70,000
Victoria 2000 Summer Games Society	75,000	-
Williams Lake 2002 Winter Games Society	5,000	-
	<u>730,000</u>	<u>775,000</u>
Less: surplus from host societies (Note 5)	-	(49,128)
	<u>730,000</u>	<u>725,872</u>