

## Report of the Auditor General of British Columbia

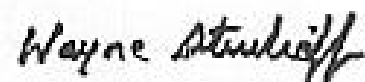
*To the Trustees of the BC Society for the Distribution  
of Gaming Revenue to Charities, and*

*To the Minister of Labour,  
Province of British Columbia:*

I have audited the balance sheet of the *BC Society for the Distribution of Gaming Revenue to Charities* as at March 31, 2000 and the statements of operations and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Office'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 *BC Society for the Distribution of Gaming Revenue to Charities* 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  
July 5, 2000*

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

BALANCE SHEET

MARCH 31	<u>2000</u> ((\$000))	<u>1999</u> ((\$000))
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	3,657	8,828
Accounts receivable	12	-
Accrued interest	10	29
	<u>3,679</u>	<u>8,857</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Deferred contributions	-	5,887
Accounts payable and accrued liabilities	3,297	2,889
	<u>3,297</u>	<u>8,776</u>
<b>NET ASSETS</b>	<u>382</u>	<u>81</u>
	<u>3,679</u>	<u>8,857</u>

*The accompanying notes are an integral part of these financial statements.*

Approved by the Board of Trustees:

Muhammad Feroz  
Trustee

Dorothy H. Hinkley  
Trustee

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31	<u>2000</u> (S000)	<u>1999</u> (S000)
<b>REVENUES</b>		
Contributions from the Province of British Columbia	86,348	67,113
Interest	107	90
	<u>86,455</u>	<u>67,203</u>
<b>EXPENDITURES</b>		
Contributions to eligible charities (note 3)	86,128	67,113
Other	26	9
	<u>86,154</u>	<u>67,122</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	301	81
<b>NET ASSETS, BEGINNING OF PERIOD</b>	81	-
<b>NET ASSETS, END OF PERIOD</b>	<u>382</u>	<u>81</u>

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BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31	<u>2000</u> (S000)	<u>1999</u> (S000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions from the Province of British Columbia	80,526	73,000
Interest received	126	61
	<u>80,652</u>	<u>73,061</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Contributions paid to eligible charities	85,807	64,232
Operating expenses paid	16	1
	<u>85,823</u>	<u>64,233</u>
<b>NET (DECREASE) INCREASE IN CASH POSITION FOR THE YEAR</b>	(5,171)	8,828
<b>CASH POSITION AT THE BEGINNING OF THE YEAR</b>	<u>8,828</u>	<u>-</u>
<b>CASH POSITION AT THE END OF YEAR</b>	<u>3,657</u>	<u>8,828</u>

*The accompanying notes are an integral part of these financial statements.*

# BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED MARCH 31, 2000

### 1. PURPOSE OF ORGANIZATION

BC Society for the Distribution of Gaming Revenue to Charities (the Society) was incorporated under the Society Act on July 10, 1998. The purpose of the Society is to distribute contributions from the Province of British Columbia to eligible charitable and religious organizations. The contributions from the Province, which are paid through the British Columbia Gaming Commission (BCGC), are meant to provide direct funding (contributions) to eligible charitable and religious organizations and to supplement charity funding derived from licensed bingo gaming. The BCGC determines eligibility and amounts to be distributed. These contributions form part of the revenues received by charities from gaming activity. Contributions received by charitable and religious organizations from the British Columbia Gaming Commission are governed by a Trust Agreement dated July 20, 1998, and must be administered and distributed to eligible charities and religious organizations in accordance with the terms of this agreement.

It was originally intended that the Trust Agreement would terminate when all funds payable under the terms of the Trust had been distributed or gaming legislation had been enacted, or at the end of two years (July 19, 2000), whichever occurred first. However, the intent is for the Trust to be extended for one more year until July 20, 2001, or until the new Gaming Control Act comes into effect.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Society follows generally accepted accounting principles.

#### a) Revenue recognition

Contributions from the Province of British Columbia to the Society are recognized as revenue in the fiscal year in which related contributions to eligible charities are approved for funding. Contributions to meet payments to eligible charitable and religious organizations for future years are recognized as deferred contributions.

#### b) Contributions to eligible charitable and religious organizations

Contributions to eligible charitable and religious organizations are recognized as expenditures when payments are approved.

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED MARCH 31, 2000

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of accounts receivable and accounts payable at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

3. PROCEEDS FROM GAMING BY SOURCE

The government committed to provide eligible charitable and religious organizations a minimum of \$125.4 million dollars in fiscal 1999/00 from bingo and casino revenue. In fiscal 1999/00, payments were made to eligible charities from the following sources:

	<u>2000</u> (S000)	<u>1999</u> (S000) -
BC Society for the Distribution of Gaming Revenue to Charities:		
Contributions to licensed bingo charities	31,146	25,646
Direct access contributions	54,982	41,467
	<hr/> 86,128	<hr/> 67,113
Other sources:		
Directly from licensed bingo events	39,926	45,993
Licensed casino events in April and May 1998	-	14,550
	<hr/> 39,926	<hr/> 60,543
Total paid to eligible charitable and religious organizations from the Society, licensed bingo and casino events	<hr/> 126,054	<hr/> 127,656

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED MARCH 31, 2000

4. RELATED PARTY TRANSACTIONS

The Province of British Columbia, represented by the Gaming Policy Secretariat, donated the services and expertise necessary to establish the Society. Staff of the British Columbia Gaming Commission and the Gaming Policy Secretariat share responsibility with the Board of Trustees of the Society for the administration of the Trust Agreement. The staff salaries and benefits, systems, facilities and advisory services required to administer the Trust Agreement are paid by the government.