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## AUDITORS' REPORT

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To the Board of Directors of the Science Council of British Columbia and  
to the Minister of Advanced Education, Training and Technology,

We have audited the statement of financial position of Science Council of British Columbia as at 31 March 2000 and the statements of operations and appropriations, and cash flows for the year then ended. These financial statements are the responsibility of the Council'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 Council as at 31 March 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

  
CHARTERED ACCOUNTANTS

Vancouver, Canada  
12 May 2000

**SCIENCE COUNCIL OF BRITISH COLUMBIA**  
**Statement of Financial Position**  
**31 March 2000**

	Base	Regional Initiatives	Technology B.C.	Student Summer Works	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Capital Assets	Total 2000	Total 1999
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>										
<b>Current</b>										
Cash and short-term investments	7,091,228	-	-	-	2,761,300	-	-	-	9,852,528	10,543,860
Accounts receivable	263,986	-	-	-	-	-	-	-	263,986	165,479
Awards and contributions receivable	73,500	-	724,594	-	5,491,832	268,375	32,500	-	6,590,801	10,651,154
Interest receivable	89,428	-	-	-	-	-	-	-	89,428	79,617
Prepaid expenses	125	-	-	-	-	-	-	-	125	36,888
Due from Base	-	69,103	4,888,265	-	1,011,133	451,704	-	-	6,420,205	9,139,272
	<u>7,518,267</u>	<u>69,103</u>	<u>5,612,859</u>	<u>-</u>	<u>9,264,265</u>	<u>720,079</u>	<u>32,500</u>	<u>-</u>	<u>23,217,073</u>	<u>30,616,270</u>
<b>Capital Assets (Note 3)</b>	-	-	-	-	-	-	-	328,769	328,769	435,300
	<u>7,518,267</u>	<u>69,103</u>	<u>5,612,859</u>	<u>-</u>	<u>9,264,265</u>	<u>720,079</u>	<u>32,500</u>	<u>328,769</u>	<u>23,545,842</u>	<u>31,051,570</u>
<b>Liabilities</b>										
<b>Current</b>										
Bank overdraft	-	-	-	-	-	-	-	-	-	641,799
Accounts payable and accrued liabilities	173,583	-	-	-	-	-	-	-	173,583	241,918
Accrued awards and projects	835,644	69,103	5,526,491	-	7,270,265	720,079	28,184	-	14,449,766	16,046,578
Due to restricted funds	6,414,809	-	-	-	-	-	5,396	-	6,420,205	9,139,272
	<u>7,424,036</u>	<u>69,103</u>	<u>5,526,491</u>	<u>-</u>	<u>7,270,265</u>	<u>720,079</u>	<u>33,580</u>	<u>-</u>	<u>21,043,554</u>	<u>26,069,567</u>
<b>Appropriations</b>										
Invested in capital assets	-	-	-	-	-	-	-	328,769	328,769	435,300
Externally restricted	94,231	-	86,368	-	-	-	(1,080)	-	179,519	2,523,973
Unrestricted	-	-	-	-	1,994,000	-	-	-	1,994,000	2,022,730
	<u>94,231</u>	<u>-</u>	<u>86,368</u>	<u>-</u>	<u>1,994,000</u>	<u>-</u>	<u>(1,080)</u>	<u>328,769</u>	<u>2,502,288</u>	<u>4,982,003</u>
	<u>7,518,267</u>	<u>69,103</u>	<u>5,612,859</u>	<u>-</u>	<u>9,264,265</u>	<u>720,079</u>	<u>32,500</u>	<u>328,769</u>	<u>23,545,842</u>	<u>31,051,570</u>

**SCIENCE COUNCIL OF BRITISH COLUMBIA**  
Statement of Operations and Appropriations  
For the Year Ended 31 March 2000

	Base	Regional	Technology	Student	Forest	B.C.	Fisheries	Capital	Total	
	\$	Initiatives	B.C.	Summer	Renewal	STIP	Renewal	Assets	2000	1999
	\$	\$	\$	Works	B.C.	\$	B.C.	\$	\$	\$
<b>Revenue</b>										
Contributions from the Information, Science and Technology Agency										
Base budget	2,290,000	-	-	-	-	-	-	-	2,290,000	2,640,000
Regional network	-	329,541	-	-	-	-	-	-	329,541	520,000
Technology B.C.	-	-	4,000,000	-	-	-	-	-	4,000,000	4,500,000
Forest Renewal B.C.	-	-	-	-	14,693,934	-	-	-	14,693,934	24,951,549
B.C. STIP	-	-	-	-	-	553,714	-	-	553,714	714,661
Fisheries Renewal B.C.	-	-	-	-	-	-	325,000	-	325,000	-
I.B.M. Development Scholarship	115,000	-	-	-	-	-	-	-	115,000	-
Special projects	90,000	-	-	-	-	-	-	-	90,000	32,000
Student Summer Works	-	-	-	442,222	-	-	-	-	442,222	412,620
Computers for schools	505,455	-	-	-	-	-	-	-	505,455	349,544
Interest	141,961	1,835	174,676	569	217,852	17,218	602	-	554,713	678,567
Other income	168,152	79,911	-	-	-	-	-	-	248,063	176,842
	<u>3,310,568</u>	<u>411,287</u>	<u>4,174,676</u>	<u>442,791</u>	<u>14,911,786</u>	<u>570,932</u>	<u>325,602</u>	<u>-</u>	<u>24,147,642</u>	<u>34,975,784</u>
<b>Expenditures</b>										
Science & Technology Award Programs										
Technology B.C.	-	-	5,733,813	-	-	-	-	-	5,733,813	5,423,650
Human Resource Award Programs										
GREAT	1,430,857	-	-	-	-	-	-	-	1,430,857	1,310,142
IPDF	-	-	-	-	-	-	-	-	-	75,000
STARS	-	-	-	-	-	-	-	-	-	17,000
Student Summer Works	-	-	-	412,128	-	-	-	-	412,128	380,447
Forest Renewal B.C. Award Programs										
Forest Renewal B.C.	-	-	-	-	16,160,726	-	-	-	16,160,726	27,457,950
Wood Products Internship	-	-	-	-	23,250	-	-	-	23,250	68,880
B.C. STIP	-	-	-	-	-	563,602	-	-	563,602	762,470
Regional Initiatives Programs										
Regional councils, networks	-	438,734	-	-	-	-	-	-	438,734	676,226
Regional projects	-	-	-	-	-	-	-	-	-	9,754
Computers for schools	495,610	-	-	-	-	-	-	-	495,610	349,544
Fisheries Renewal B.C.	-	-	-	-	-	-	281,935	-	281,935	-
I.B.M. Development Scholarship	115,000	-	-	-	-	-	-	-	115,000	-
Communications and recognition	440,304	-	-	-	-	-	-	-	440,304	458,458
Special projects	183,793	-	-	-	-	-	-	-	183,793	113,650
International	32,699	-	-	-	-	-	-	-	32,699	52,748
Operations	1,632,872	-	302,090	30,745	692,036	20,297	44,748	111,185	2,833,973	2,775,651
	<u>4,331,135</u>	<u>438,734</u>	<u>6,035,903</u>	<u>442,873</u>	<u>16,876,012</u>	<u>583,899</u>	<u>326,682</u>	<u>111,185</u>	<u>29,146,423</u>	<u>39,931,570</u>
<b>Excess (deficiency) of revenue over expenditures</b>	(1,020,567)	(27,447)	(1,861,227)	(82)	(1,964,226)	(12,967)	(1,080)	(111,185)	(4,998,781)	(4,955,786)
Reduction in commitments and refunds	48,516	-	504,870	-	1,935,496	30,184	-	-	2,519,066	5,060,909
<b>Excess (deficiency) of revenue over expenditures after reductions</b>	(972,051)	(27,447)	(1,356,357)	(82)	(28,730)	17,218	(1,080)	(111,185)	(2,479,715)	105,123
Transfers	65,363	(52,882)	-	82	-	(17,217)	-	4,654	-	-
<b>Excess (deficiency) of revenue over expenditures after reductions and transfers</b>	(906,688)	(80,329)	(1,356,357)	-	(28,730)	-	(1,080)	(106,531)	(2,479,715)	105,123
<b>Appropriations - beginning of year</b>	1,000,919	80,329	1,442,725	-	2,022,730	-	-	435,300	4,982,003	4,876,879
<b>Appropriations - end of year</b>	94,231	-	86,368	-	1,994,000	-	(1,080)	328,769	2,502,288	4,982,003

SCIENCE COUNCIL OF BRITISH COLUMBIA  
Statement of Cash Flows  
For the Year Ended 31 March 2000

	Base	Regional Initiatives	Technology B.C.	Student Summer Works	Forest Renewal B.C.	B.C. STIP	Fisheries Renewal B.C.	Capital Assets	Total 2000	Total 1999
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cash provided for (used in):</b>										
<b>Operating activities</b>										
Excess (deficiency) of revenues over expenditures after reductions and transfers	(906,688)	(80,329)	(1,356,357)	-	(28,730)	-	(1,080)	(106,531)	(2,479,715)	105,123
Add(deduct) non-cash transactions	-	-	-	-	-	-	-	111,185	111,185	129,932
<b>Changes in non-cash working capital balances</b>										
Accounts receivable	(98,507)	-	-	-	-	-	-	-	(98,507)	(121,505)
Grants receivable	(73,500)	-	(5,261)	-	4,425,327	(253,714)	(32,500)	-	4,060,352	4,311,003
Interest receivable	(9,811)	-	-	-	-	-	-	-	(9,811)	(35,610)
Prepaid expenses	36,763	-	-	-	-	-	-	-	36,763	(5,588)
Accounts payable	(68,335)	-	-	-	-	-	-	-	(68,335)	(331,737)
Accrued awards and projects	386,036	(46,465)	400,738	-	(2,530,071)	164,768	28,184	-	(1,596,811)	(6,267,113)
	(734,042)	(126,795)	(960,880)	-	1,866,526	(88,947)	(5,396)	4,654	(44,879)	(2,215,495)
<b>Investing activities</b>										
Purchase of capital assets	(4,654)	-	-	-	-	-	-	-	(4,654)	(28,239)
<b>Financing activities</b>										
Deferred revenue	-	-	-	-	-	-	-	-	-	(200,000)
<b>Net increase (decrease) in cash</b>	(738,696)	(126,795)	(960,880)	-	1,866,526	(88,947)	(5,396)	4,654	(49,533)	(2,443,734)
<b>Cash position (deficiency) - beginning of year</b>	10,543,860	-	-	-	(641,799)	-	-	-	9,902,061	12,345,795
<b>Interfund transfers</b>	(2,713,936)	126,794	960,880	-	1,536,573	88,947	5,396	(4,654)	-	-
<b>Cash position - end of year</b>	7,091,228	-	-	-	2,761,300	-	-	-	9,852,528	9,902,061
<b>Represented by:</b>										
Cash and short term investments	7,091,228	-	-	-	2,761,300	-	-	-	9,852,528	10,543,860
Bank overdraft	-	-	-	-	-	-	-	-	-	(641,799)
	7,091,228	-	-	-	2,761,300	-	-	-	9,852,528	9,902,061

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# SCIENCE COUNCIL OF BRITISH COLUMBIA

## Notes to the Financial Statements

For the Year Ended 31 March 2000

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### 1. Statement of Purpose

The Science Council of British Columbia was established in 1978 under the Science Council of British Columbia Act. In 1989, the Science Council of British Columbia and the Secretariat on Science, Research and Development were amalgamated pursuant to the Science Council Act, Chapter 77, and continued as the Science Council of British Columbia ("Science Council").

The Science Council's mission is to promote economic development and enhance the quality of life in British Columbia through innovative applications of science and technology. The following funds are represented in the financial statements:

(a) Base

The Base fund accounts for the Science Council's general program delivery and administrative activities, including GREAT scholarships, on behalf of the Information, Science and Technology Agency (ISTA).

(b) Regional Initiatives

This fund was established to foster, in all areas of British Columbia, a culture which values science, technology, innovation and entrepreneurship in order to maintain industry competitiveness and a high standard of living, on behalf of ISTA (Note 6).

(c) Technology B.C.

The purpose of the Technology B.C. program is to stimulate scientific research and the use of technology applicable to economic development in the province by providing funding for applied research and development in various economic sectors and in eligible technologies, on behalf of ISTA.

(d) Student Summer Works

This program is a Youth Options B.C. initiative which creates opportunities for work experience and skills training for youth and improves access to post secondary education. This is done by subsidizing wages paid by employers to high school and post secondary students during summer employment, on behalf of ISTA.

(e) Forest Renewal B.C. (FRBC)

The purpose of the FRBC research program is to fund research and development projects that add to the knowledge base needed to sustain the full range of resources and values derived from the forest, and to build a more productive provincial forest sector, on behalf of Forest Renewal B.C.

(f) B.C. Science & Technology Infrastructure Program (B.C. STIP)

This program provides funds to institutions in order to assist them in the preparation of proposals for funding to the Canada Foundation for Innovation (CFI). Successful applications are required to have CFI funds matched by income from other sources, and this program also provides a portion of those funds, on behalf of Discovery Foundation.

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**SCIENCE COUNCIL OF BRITISH COLUMBIA**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2000**

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**1. Statement of Purpose - Continued**

**(g) Fisheries Renewal B.C. (F.S.R.B.C.)**

The purpose of the F.S.R.B.C. research program is to fund research and development projects which will assist in the rebuilding of the fisheries industry in B.C.

**(h) Capital Assets**

This fund accounts for capital assets acquired by the Science Council.

**2. Accounting Policies**

**(a) Financial Instruments**

The Science Council's financial instruments consist of cash and short-term investments, accounts receivable, awards receivable, accounts payable and accrued awards and projects payable. Unless otherwise noted, it is management's opinion that the Science Council 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, unless otherwise noted.

**(b) Basis of Accounting for Revenues, Expenditures and Appropriations**

The Science Council follows the restricted fund method of accounting for contributions under which separate details of the financial statement elements are reported as either restricted or unrestricted.

Award revenues are accounted for in the year the government organization commits to disburse the award amounts to the Science Council.

Full provision is made for all accrued liabilities at 31 March 2000, including outstanding Program commitments payable within the following year, which are accrued when committed.

**(c) Restricted and Unrestricted Appropriations**

No provision has been made for future operational expenses required for normal delivery of existing programs.

**(d) Short-term Investments**

Short-term investments are recorded at the lower of cost and market value.

**(e) Capital Assets**

Capital assets with a value greater than \$2,000 are recorded at cost and amortization is provided for at the following annual rates:

Furniture, fixtures and equipment	20%	declining balance
Computer hardware and software	33 1/3%	declining balance
Leasehold improvements	70	months straight-line

**SCIENCE COUNCIL OF BRITISH COLUMBIA**  
**Notes to the Financial Statements**  
For the Year Ended 31 March 2000

**3. Capital Assets**

	Cost	Accumulated Amortization	Net Book Value	
			2000	1999
Furniture, fixtures and equipment	\$ 44,945	\$ 22,854	\$ 22,091	\$ 27,615
Computer hardware and software	285,982	183,962	102,020	147,211
Leasehold improvements	325,592	120,934	204,658	260,474
	<u>\$ 656,519</u>	<u>\$ 327,750</u>	<u>\$ 328,769</u>	<u>\$ 435,300</u>

The capital asset fund balance comprises the following:

	2000	1999
Transfers from other programs, included in operations expenditures in those programs.	\$ 330,927	\$ 326,272
Non-repayable tenant inducement amortized over the remaining term of the premises lease.	125,000	125,000
Tenant inducements, to be repaid over the lease term as an increase in monthly premises rental payments, amortized over the remaining term of the premises lease (Note 6). As at 31 March 2000, \$131,818 remains to be amortized.	200,592	200,592
	<u>656,519</u>	<u>651,864</u>
Less: Accumulated amortization	<u>(327,750)</u>	<u>(216,564)</u>
	<u>\$ 328,769</u>	<u>\$ 435,300</u>

**4. British Columbia Technology For Learning Society ("Society")**

These statements include the operating results of the Society (Computers for Schools Program) which is a related entity to the Science Council.

**5. Commitments**

The Science Council is committed to lease office premises until 31 January 2004 at a monthly rental of approximately \$36,729. The Science Council is also committed to lease two photocopiers until 31 December 2003 at a monthly rental of approximately \$1,537. During the year, the Science Council committed to lease a fax machine until 31 August 2002 at a monthly rental of \$105.

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**SCIENCE COUNCIL OF BRITISH COLUMBIA**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2000**

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**5. Commitments - Continued**

Total commitments for the next five fiscal years are as follows:

2001	\$ 460,449
2002	459,714
2003	454,580
2004	367,293
2005	<u>-</u>
	<u>\$ 1,742,036</u>

**6. Regional Initiatives**

During the year, the four remaining regional Council's separated from the Science Council of British Columbia. They will function as independent societies as of 1 April 2000.