

**Financial Statements of**  
**BC GAMES SOCIETY**  
**Year Ended March 31, 2004**

MANTELL

DICKSON

BLADES

WISEMAN

CHARTERED ACCOUNTANTS

*Bruce Mantell CA*  
*Michael Dickson B.Comm., CA*  
*Michael Blades B.A., CA\**  
*Murray Wiseman B.Comm., CA•IFA\**  
*Jasvir Dusanj B.Comm., CA\**  
\*denotes Professional Corporation

## AUDITORS' REPORT

**To: The Board of Directors of the BC Games Society**

We have audited the statement of financial position of the BC Games Society as at March 31, 2004 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 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 Society as at March 31, 2004 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian 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 Wiseman*

Victoria, B.C.  
April 29, 2004

Chartered Accountants

**BC GAMES SOCIETY**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31,** **2004**  
**\$** **2003**  
**\$**

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**ASSETS**

CURRENT

Cash and cash equivalents	1,048,683	750,361
Receivables	40,967	182,971
Inventory	5,978	-
Prepays	<u>1,409</u>	<u>1,295</u>
	1,097,037	934,627

CAPITAL ASSETS (Note 3)	<u>115,166</u>	<u>33,474</u>
	<u><u>1,212,203</u></u>	<u><u>968,101</u></u>

**LIABILITIES**

CURRENT

Payables and accruals	257,745	44,574
Deferred funding (Note 12)	<u>-</u>	<u>26,795</u>
	<u>257,745</u>	<u>71,369</u>

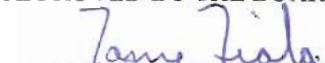
**NET ASSETS**

NET ASSETS INVESTED IN CAPITAL ASSETS	115,166	33,474
INTERNALLY RESTRICTED FUNDS	30,744	135,000
UNRESTRICTED NET ASSETS	<u>808,548</u>	<u>728,258</u>
	<u>954,458</u>	<u>896,732</u>
	<u><u>1,212,203</u></u>	<u><u>968,101</u></u>

COMMITMENTS (Note 5)

CONTINGENT LIABILITY (Note 6)

APPROVED BY THE BOARD

 Director

 Director

See accompanying notes

**BC GAMES SOCIETY****STATEMENT OF CHANGES IN NET ASSETS**

YEAR ENDED MARCH 31,

***CURRENT YEAR (2004)***

	Investment in Capital Assets \$	Internally Restricted Funds (Note 7) \$	Unrestricted Operations \$	2004 Total \$
NET ASSETS, beginning of year	33,474	135,000	728,258	896,732
EXCESS OF REVENUE OVER EXPENSES	-	-	57,726	57,726
INTER-FUND TRANSFERS	-	(8,061)	8,061	-
AMORTIZATION OF CAPITAL ASSETS	(24,503)	-	24,503	-
INVESTMENT IN CAPITAL ASSETS	106,195	(96,195)	(10,000)	-
NET ASSETS, end of year	<u>115,166</u>	<u>30,744</u>	<u>808,548</u>	<u>954,458</u>

***PRIOR YEAR (2003)***

	Investment in Capital Assets \$	Internally Restricted Team B.C. (Note 12) \$	Internally Restricted Funds (Note 7) \$	Unrestricted Operations \$	2003 Total \$
NET ASSETS, beginning of year	47,975	26,795	-	611,237	686,007
EXCESS OF REVENUE OVER EXPENSES	-	-	-	237,520	237,520
TRANSFERRED TO DEFERRED FUNDING	-	(26,795)	-	-	(26,795)
TRANSFERRED TO INTERNALLY RESTRICTED FUNDS	-	-	135,000	(135,000)	-
AMORTIZATION OF CAPITAL ASSETS	(25,853)	-	-	25,853	-
INVESTMENT IN CAPITAL ASSETS	11,352	-	-	(11,352)	-
NET ASSETS, end of year	<u>33,474</u>	<u>-</u>	<u>135,000</u>	<u>728,258</u>	<u>896,732</u>

see accompanying notes

# BC GAMES SOCIETY

## STATEMENT OF GENERAL OPERATIONS

YEAR ENDED MARCH 31,	2004	2003
	\$	\$
<b>REVENUE</b>		
Grants - Province of British Columbia	1,832,000	1,832,000
Funding partners <i>(Note 10)</i>	-	50,000
Souvenirs	6,927	8,886
Contractual revenues, net <i>(Note 13)</i>	8,089	11,219
Seniors Games contribution	-	25,000
Athlete registration	68,054	123,258
Interest earned	51,707	33,456
	<u>1,966,777</u>	<u>2,083,819</u>
<b>EXPENSES</b>		
Salaries and employee benefits	537,064	532,029
Travel and accommodations	57,706	46,176
Professional services	31,603	21,388
Computer maintenance	5,000	1,388
Office and business expenses	72,911	59,446
Advertising and publications	50,442	40,953
Insurance, leases and utilities	105,287	102,200
Games operating costs	379,535	481,830
Amortization	24,503	25,853
Operating grants, less returns	645,000	535,036
	<u>1,909,051</u>	<u>1,846,299</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>57,726</u>	<u>237,520</u>

*See Schedules 1, 2 and 3 for Schedule of Expenses*

*See accompanying notes*

# BC GAMES SOCIETY

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31,	2004	2003
	\$	\$
CASH FLOW DERIVED FROM (APPLIED TO)		
Operating		
Excess of revenue over expenses	57,726	237,520
Amortization	<u>24,503</u>	<u>25,853</u>
	82,229	263,373
Changes in non-cash operating working capital		
Receivables	142,004	(148,159)
Inventory	(5,978)	-
Prepays	(114)	773
Payables and accruals	213,171	(190,720)
Deferred funding	<u>(26,795)</u>	<u>-</u>
	<u>404,517</u>	<u>(74,733)</u>
Investing		
Purchase of bedding and equipment, less sales	(96,195)	(3,602)
Software development	<u>(10,000)</u>	<u>(7,750)</u>
	<u>(106,195)</u>	<u>(11,352)</u>
NET INCREASE (DECREASE) IN CASH	298,322	(86,085)
CASH, beginning of year	<u>750,361</u>	<u>836,446</u>
CASH, end of year	<u><u>1,048,683</u></u>	<u><u>750,361</u></u>

*See accompanying notes*

# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

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### 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 leadership to achieve sport, individual and community development.

Approximately 94% of the Society's revenues are received from the Province of B.C. 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 BC Winter Games, the B.C. Disability Games, the BC Summer Games and the B.C. Seniors 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 Canadian generally accepted accounting principles.

The term "Society" is used to mean the BC 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 and equipment	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.

# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The preparation of the financial statements in conformity with Canadian 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

	2004 \$	2003 \$
Registration software	235,838	225,838
Application software	11,178	11,178
Computers	63,752	69,188
Bedding, flags and signs for Host Societies	112,443	168,410
Furniture and equipment	20,732	20,732
New cabling	8,436	8,436
Leaseholds	17,172	17,172
Trademarks	763	763
At cost	470,314	521,717
Less: accumulated amortization	355,148	488,243
Net book value	<u>115,166</u>	<u>33,474</u>
Additions during the year		
Computers	8,041	3,602
Bedding	88,154	-
Registration software enhancements	10,000	7,750
	<u>106,195</u>	<u>11,352</u>

Bedding and computers which have been replaced, have been written off thus reducing total cost of capital assets to date.



# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

### 4. SURPLUS FROM HOST SOCIETIES

Surplus from the host societies is comprised of:

	2004	2003
	\$	\$
Nanaimo 2002 Summer Games Society	-	159,997
Williams Lake 2002 Winter Games Society	-	59,967
	<u>-</u>	<u>219,964</u>

The surplus, if any, from Port Alberni Winter Games Society has not been determined prior to the fiscal year end, therefore it will be included in the 2005 fiscal year.

### 5. 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 years.

#### General Commitments

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

	Total
	\$
2005	180,200
2006	35,300
2007	9,500
2008	4,700
2009	-
	<u>229,700</u>

#### Host Society Commitments

	2005	2006	2007	2008	
	\$	\$	\$	\$	
2005 to 2008					
B.C. Seniors Games	110,000	110,000	110,000	-	-
B.C. Disability Games	35,000	110,000	110,000	-	-
Northern B.C. Winter Games	110,000	110,000	110,000	-	-
Abbotsford Summer Games Society	550,000	-	-	-	-
Greater Trail Winter Games Society	50,000	450,000	-	-	-
Kamloops Summer Games Society	-	50,000	550,000	-	-
Winter Games – 2008	-	-	50,000	450,000	-
	<u>855,000</u>	<u>830,000</u>	<u>930,000</u>	<u>450,000</u>	<u>3,065,000</u>

Currently there are no host society commitments beyond 2008.

Total five year commitments 3,294,700

# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

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### 6. CONTINGENT LIABILITIES

The Society has been named as a party to a lawsuit related to injuries sustained by a volunteer of the Nanaimo 2002 Summer Games. As the outcome is not yet determined, no provision has been made to the accounts with respect to this matter.

Canada Revenue Agency has proposed an audit adjustment related to the Williams Lake 2002 Winter Games GST return. As the final outcome has not been determined, no provision has been made with respect to any potential liability.

### 7. INTERNALLY RESTRICTED FUNDS

The Society allocated \$135,000 of the surplus for the year ended March 31, 2003, for future use for foam mattresses, computer equipment and other office equipment and a provision for a claim against the Society as detailed in Note 6.

### 8. 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.

During the fiscal year, the Society received funding of \$1,832,000 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:

	2004	2003
	\$	\$
Grant received	1,832,000	1,832,000
Interest earned	51,707	33,456
Balance in the Investment Trust Account at year end (included in cash equivalents on the Statement of Financial Position)	1,021,156	739,249
Deferred funding ( <i>Note 12</i> )	-	26,795

### 9. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash and cash equivalents, receivables, payable and accruals. 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.

# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

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### 10. REVENUES FROM FUNDING PARTNERS CONSIST OF:

	2004	2003
	\$	\$
Quality Foods	-	50,000

### 11. REGISTRATION SOFTWARE

The Society has signed a contract with Viewpoint Technologies Ltd. who have agreed to develop, enhance and sell rights to the Society Registration Software.

### 12. DEFERRED FUNDING

Specific grants from the Province of British Columbia and other revenues were designated for a project which was concluded in 2002. The remaining surplus amounting to \$26,795 was retained on the request of the Ministry of Community, Aboriginal and Women's Services to be accounted as an advance against the 2003/2004 Ministry Grant from the Province of British Columbia.

### 13. CONTRACTUAL REVENUES, NET

	2004	2003
	\$	\$
Consists of:		
Grants received from Legacies Now Society	2,889	34,494
Paid to B.C. Seniors, Northern and Disability Games	-	(3,000)
Contract fees incurred	(2,263)	(20,475)
	626	11,019
Other revenues	7,463	200
	<u>8,089</u>	<u>11,219</u>

**BC GAMES SOCIETY****SCHEDULE OF EXPENSES**

<b>YEAR ENDED MARCH 31,</b>	<b>2004</b>	<b>2003</b>
	<b>\$</b>	<b>\$</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>		
CEO – base contract	72,037	70,420
CEO – in lieu of benefits	14,408	14,084
Base salaries – other staff	363,063	363,910
Casual employees	7,004	3,520
Canada pension	15,467	14,861
Employment insurance	9,727	10,193
Medical services plan	5,622	5,364
Group insurance	26,289	26,620
Pension plan	18,955	18,367
Health development	424	340
Worker's Compensation Board	4,068	4,350
	<u>537,064</u>	<u>532,029</u>
<b>TRAVEL AND ACCOMMODATION</b>		
Travel and accommodation	41,430	31,722
Per diem	13,438	11,203
Mileage and parking	2,838	3,251
	<u>57,706</u>	<u>46,176</u>
<b>PROFESSIONAL SERVICES</b>		
External accountants	9,472	11,188
Audit and legal	16,261	8,200
Sports partner services	5,870	2,000
	<u>31,603</u>	<u>21,388</u>

## BC GAMES SOCIETY

## SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	2004	2003
	\$	\$
<b>COMPUTER MAINTENANCE</b>		
Maintenance	<u>5,000</u>	<u>1,388</u>
<b>OFFICE AND BUSINESS EXPENSES</b>		
Office supplies	19,319	20,267
Postage	13,497	9,588
Office expenses	14,213	14,665
Board administration	9,244	5,988
Staff training	6,899	500
Data input	293	-
Business expenses	8,925	8,121
G.S.T. expense portion	<u>521</u>	<u>317</u>
	<u>72,911</u>	<u>59,446</u>
<b>ADVERTISING AND PUBLICATIONS</b>		
Television advertising	25,000	25,000
Zone qualifying promotions	3,436	-
Printing rule books and schedules	9,176	-
Corporate partner advertising	3,012	3,990
Marketing	<u>9,818</u>	<u>11,963</u>
	<u>50,442</u>	<u>40,953</u>
<b>INSURANCE, LEASES, UTILITIES</b>		
Office and liability insurance	24,318	24,588
Rent, utilities, property tax	53,830	52,237
Telephone	13,918	11,460
Equipment lease	<u>13,221</u>	<u>13,915</u>
	<u>105,287</u>	<u>102,200</u>

**BC GAMES SOCIETY****SCHEDULE OF EXPENSES**

YEAR ENDED MARCH 31,	2004	2003
	\$	\$
<b>GAMES OPERATING COSTS</b>		
External transportation - Summer	-	469,911
External transportation - Winter	365,614	-
Games general supplies	<u>13,921</u>	<u>11,919</u>
	<u>379,535</u>	<u>481,830</u>
<b>OPERATING GRANTS</b>		
Northern B.C. Winter Games	45,000	35,000
B.C. Disability Games	45,000	45,000
B.C. Seniors Games	25,000	45,000
Nanaimo 2002 Summer Games Society	-	580,000
Port Alberni 2004 Winter Games Society	480,000	50,000
Abbotsford 2004 Summer Games Society	<u>50,000</u>	<u>-</u>
	645,000	755,000
Less: surplus from host societies <i>(Note 4)</i>	<u>-</u>	<u>(219,964)</u>
	<u>645,000</u>	<u>535,036</u>