

**Financial Statements of**  
**BC GAMES SOCIETY**  
**Year Ended March 31, 2006**

## 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, 2006 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, 2006 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.

Victoria, B.C.  
April 27, 2006

Chartered Accountants

*Montell Dickson Blades Wiseman*

# BC GAMES SOCIETY

## STATEMENT OF FINANCIAL POSITION

MARCH 31,

2006  
\$

2005  
\$

### ASSETS

#### CURRENT

Cash and cash equivalents	1,375,840	882,866
Receivables	110,660	6,973
Inventory	837	4,033
Prepays	<u>1,950</u>	<u>625</u>

1,489,287 894,497

#### CAPITAL ASSETS (Note 3)

106,795 115,290

1,596,082 1,009,787

### LIABILITIES

#### CURRENT

Payables and accruals	723,171	90,848
Deferred funding (Note 11)	<u>19,347</u>	<u>22,694</u>

742,518 113,542

### NET ASSETS

NET ASSETS INVESTED IN CAPITAL ASSETS 106,795 115,290

INTERNALLY RESTRICTED FUNDS 30,744 30,744

UNRESTRICTED NET ASSETS 716,025 750,211

853,564 896,245

1,596,082 1,009,787

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 (2006)***

	<b>Investment in Capital Assets</b>	<b>Internally Restricted Funds (Note 7)</b>	<b>Unrestricted Operations</b>	<b>2006 Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
NET ASSETS, beginning of year	115,290	30,744	750,211	896,245
(DEFICIENCY) OF REVENUE OVER EXPENSES	-	-	(42,681)	(42,681)
AMORTIZATION OF CAPITAL ASSETS	(31,230)	-	31,230	-
INVESTMENT IN CAPITAL ASSETS	<u>22,735</u>	<u>-</u>	<u>(22,735)</u>	<u>-</u>
NET ASSETS, end of year	<u>106,795</u>	<u>30,744</u>	<u>716,025</u>	<u>853,564</u>

***PRIOR YEAR (2005)***

	<b>Investment in Capital Assets</b>	<b>Internally Restricted Funds (Note 7)</b>	<b>Unrestricted Operations</b>	<b>2005 Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
NET ASSETS, beginning of year	115,166	30,744	808,548	954,458
(DEFICIENCY) OF REVENUE OVER EXPENSES	-	-	(58,213)	(58,213)
AMORTIZATION OF CAPITAL ASSETS	(28,791)	-	28,791	-
INVESTMENT IN CAPITAL ASSETS	<u>28,915</u>	<u>-</u>	<u>(28,915)</u>	<u>-</u>
NET ASSETS, end of year	<u>115,290</u>	<u>30,744</u>	<u>750,211</u>	<u>896,245</u>

*See accompanying notes*

# BC GAMES SOCIETY

## STATEMENT OF GENERAL OPERATIONS

YEAR ENDED MARCH 31,	2006	2005
	\$	\$
<b>REVENUE</b>		
Province of British Columbia - Operating Grant	1,832,000	1,832,000
- Grant - Family of Games	195,000	155,000
Funding partner ( <i>Note 10</i> )	40,000	-
Souvenirs	4,895	4,634
Contractual revenues, net	3,000	23,684
Athlete registration	99,388	112,423
Interest earned	51,793	24,970
	<u>2,226,076</u>	<u>2,152,711</u>
<b>EXPENSES</b>		
Salaries and employee benefits	602,458	623,019
Travel and accommodations	87,328	64,465
Professional services	25,289	37,346
Computer maintenance	1,679	1,500
Office and business expenses	78,723	108,995
Advertising and publications	42,218	42,657
Insurance, leases and utilities	108,200	114,020
Games operating costs	587,726	441,634
Amortization	31,230	28,791
Operating grants, less returns	703,906	748,497
	<u>2,268,757</u>	<u>2,210,924</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(42,681)</u>	<u>(58,213)</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,

2006  
\$

2005  
\$

### CASH FLOW DERIVED FROM (APPLIED TO)

#### Operating

Excess (deficiency) of revenue over expenses

(42,681) (58,213)

Amortization

31,230 28,791

(11,451) (29,422)

#### Changes in non-cash operating working capital

Receivables

(103,687) 33,994

Inventory

3,196 1,945

Prepays

(1,325) 784

Payables and accruals

632,323 (166,897)

Deferred funding

(3,347) 22,694

515,709 (136,902)

#### Investing

Purchase of capital assets (*Note 3*)

(22,735) (28,915)

NET INCREASE (DECREASE) IN CASH

492,974 (165,817)

CASH, beginning of year

882,866 1,048,683

CASH, end of year

1,375,840 882,866

*See accompanying notes*

# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2006

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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 90% of the Society's revenues are received from the Province of British Columbia 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, 2006

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### 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

	2006	2005
	\$	\$
Registration software	265,990	252,405
Application software	15,037	11,931
Computers	39,055	35,396
Bedding, flags and signs for Host Societies	119,722	117,337
Furniture and equipment	20,732	20,732
Cabling	8,436	8,436
Leaseholds	17,172	17,172
Trademarks	763	763
	<u>486,907</u>	<u>464,172</u>
At cost	486,907	464,172
Less: Accumulated amortization	<u>380,112</u>	<u>348,882</u>
Net book value	<u>106,795</u>	<u>115,290</u>
Additions during the year		
Computers	3,659	6,701
Bedding	2,385	4,894
Registration software enhancements	13,585	16,567
Computer software	<u>3,106</u>	<u>753</u>
	<u>22,735</u>	<u>28,915</u>



# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2006

### 4. SURPLUS FROM HOST SOCIETIES

Surplus from the host societies is comprised of:

	2006	2005
	\$	\$
Port Alberni 2004 Winter Games Society	-	96,503
Abbotsford 2004 Summer Games Society	151,094	-
	<u>151,094</u>	<u>96,503</u>

### 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:

	<u>Total</u>
	\$
2007	183,200
2008	176,800
2009	34,300
2010	19,900
2011	<u>500</u>
	414,700

#### Host Society Commitments

	2007	2008	2009	2010	2011	
	\$	\$	\$	\$	\$	
2007 to 2011						
B.C. Seniors Games	110,000	110,000	110,000	-	-	
B.C. Disability Games	110,000	110,000	110,000	-	-	
Northern B.C. Winter Games	110,000	110,000	110,000	-	-	
Kamloops Summer Games Society	550,000	-	-	-	-	
Kimberly/Cranbrook Winter Games Society	50,000	450,000	-	-	-	
Kelowna Summer Games Society	-	50,000	550,000	-	-	
Terrace Winter Games Society	-	-	50,000	450,000	-	
Township of Langley Summer Games Society	-	-	-	50,000	550,000	
Winter Games – February 2012	-	-	-	-	50,000	
	<u>930,000</u>	<u>830,000</u>	<u>930,000</u>	<u>500,000</u>	<u>600,000</u>	<u>3,790,000</u>
Total five year commitments						<u>4,204,700</u>

# BC GAMES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2006

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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.

### 7. INTERNALLY RESTRICTED FUNDS

The Society has restricted funds of \$30,744 for future use for foam mattresses, other office equipment and for any claims 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 from 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 for operations. In addition, \$195,000 was received for specific use as grants to assist in the running of the Northern, Disability and Senior Games. 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:

	<u>2006</u>	<u>2005</u>
	\$	\$
Grant received - Operations	1,832,000	1,832,000
- Family of Games	195,000	155,000
Interest earned	51,793	24,970
Balance in the Investment Trust Account at year end (included in cash equivalents on the Statement of Financial Position)	1,267,099	808,096

### 9. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash and cash equivalents, receivables, payables 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, 2006

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### 10. FUNDING PARTNER

During the year, the Society received \$40,000 from Telus as a sponsor of the BC Summer and Winter Games.

### 11. DEFERRED FUNDING

	<u>2006</u>	<u>2005</u>
	\$	\$
a) Funds for B.C. Olympic and Paralympics Youth Leadership Program:		
Opening balance	19,430	-
Received from Government – Legacies Now	1,000	3,000
Contributions from non-government sources	<u>10,750</u>	<u>16,430</u>
	31,180	19,430
Expenses		
Greater Trail 2006 Winter Games Society	16,000	-
Other	<u>2,715</u>	<u>-</u>
Balance, end of year	<u><u>12,465</u></u>	<u><u>19,430</u></u>
b) Funds to further promote the B.C. Senior Games:		
Contributions from Government – Legacies Now	20,000	-
Expenses incurred under the agreement	<u>15,118</u>	<u>-</u>
Balance, end of year	<u><u>4,882</u></u>	<u><u>-</u></u>
c) Funding from Telus for bursaries and to Kid Sport Fund:		
Opening balance	3,264	-
Funds received	-	4,000
Bursary paid	<u>1,264</u>	<u>736</u>
Balance, end of year	<u><u>2,000</u></u>	<u><u>3,264</u></u>
Total Deferred Funding	<u><u>19,347</u></u>	<u><u>22,694</u></u>

### 12. SUBSEQUENT EVENT

Shortly after the year end, the Society received \$2,027,000 from the Province of British Columbia on account of the grant for the 2006/07 fiscal year.

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

<b>YEAR ENDED MARCH 31,</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>SALARIES AND EMPLOYEE BENEFITS</b>		
CEO – base contract	90,450	87,407
Base salaries – other staff	404,543	444,215
Casual employees	3,507	4,674
Canada pension	16,988	15,854
Employment insurance	9,516	8,970
Medical services plan	7,986	7,462
Group insurance	40,690	32,824
Pension plan	25,634	18,621
Health development	503	481
Worker's Compensation Board	2,641	2,511
	<u>602,458</u>	<u>623,019</u>
<b>TRAVEL AND ACCOMMODATION</b>		
Air travel	17,599	-
Travel and accommodation	52,938	49,208
Per diem	14,561	12,406
Mileage and parking	2,230	2,851
	<u>87,328</u>	<u>64,465</u>
<b>PROFESSIONAL SERVICES</b>		
External accountants	10,041	11,659
Audit and legal	12,748	13,752
Sports partner services	2,500	11,935
	<u>25,289</u>	<u>37,346</u>

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

YEAR ENDED MARCH 31,	2006	2005
	\$	\$
<b>COMPUTER MAINTENANCE</b>		
Maintenance	<u>1,679</u>	<u>1,500</u>
<b>OFFICE AND BUSINESS EXPENSES</b>		
Office supplies	18,238	20,898
Postage	10,907	8,999
Office expenses	14,208	20,813
Board administration	11,488	7,762
Staff training	4,467	6,312
Data input	-	444
Business expenses	6,713	8,171
G.S.T. expense portion	<u>12,702</u>	<u>35,496</u>
	<u>78,723</u>	<u>108,995</u>
<b>ADVERTISING AND PUBLICATIONS</b>		
Television advertising	25,000	25,000
Zone qualifying promotions	3,767	1,185
Corporate partner advertising	4,544	-
Marketing	<u>8,907</u>	<u>16,472</u>
	<u>42,218</u>	<u>42,657</u>
<b>INSURANCE, LEASES, UTILITIES</b>		
Office and liability insurance	24,862	27,935
Rent, utilities, property tax	57,113	56,533
Telephone	16,557	16,588
Equipment lease	<u>9,668</u>	<u>12,964</u>
	<u>108,200</u>	<u>114,020</u>

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

YEAR ENDED MARCH 31,	2006	2005
	\$	\$
<b>GAMES OPERATING COSTS</b>		
External transportation - Summer	-	422,014
External transportation - Winter	572,550	-
Games general supplies	<u>15,176</u>	<u>19,620</u>
	<u>587,726</u>	<u>441,634</u>
<b>OPERATING GRANTS</b>		
B.C. Disability Sport	65,000	25,000
Northern B.C. Winter Games Society	65,000	65,000
B.C. Senior Games Society	65,000	65,000
Northern B.C. Winter Games (Host Society)	45,000	45,000
B.C. Disability Games	45,000	-
B.C. Seniors Games (Host Society)	45,000	45,000
Abbotsford 2004 Summer Games Society	-	550,000
Greater Trail 2006 Winter Games Society	475,000	50,000
Kamloops 2006 Summer Games Society	<u>50,000</u>	<u>-</u>
	855,000	845,000
Less: Surplus from host societies ( <i>Note 4</i> )	<u>(151,094)</u>	<u>(96,503)</u>
	<u>703,906</u>	<u>748,497</u>