

Financial Statements of
BC GAMES SOCIETY
Year Ended March 31, 2007



MANTELL | DICKSON | BLADES | WISEMAN
Chartered Accountants

102-4430 Chatterton Way Victoria, BC V8X5J2
Tel: 250.744.3543 | Fax: 250.744.3546
Web: www.mdbw.ca

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, 2007 and the statement 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, 2007 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 24, 2007

Chartered Accountants

BC GAMES SOCIETY

STATEMENT OF FINANCIAL POSITION

MARCH 31,

2007
\$

2006
\$

ASSETS

CURRENT

Cash and cash equivalents	806,938	1,375,840
Receivables	10,209	110,660
Inventory	4,503	837
Prepays	<u>1,642</u>	<u>1,950</u>
	823,292	1,489,287

CAPITAL ASSETS (Note 3)

<u>91,207</u>	<u>106,795</u>
<u>914,499</u>	<u>1,596,082</u>

LIABILITIES

CURRENT

Payables and accruals	44,456	723,171
Deferred funding (Note 11)	<u>23,103</u>	<u>19,347</u>
	<u>67,559</u>	<u>742,518</u>

NET ASSETS

NET ASSETS INVESTED IN CAPITAL ASSETS	91,207	106,795
INTERNALLY RESTRICTED FUNDS (Note 7)	-	30,744
UNRESTRICTED NET ASSETS	<u>755,733</u>	<u>716,025</u>
	<u>846,940</u>	<u>853,564</u>
	<u>914,499</u>	<u>1,596,082</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 (2007)***

	Investment in Capital Assets	Internally Restricted Funds (Note 7)	Unrestricted Operations	2007 Total
	\$	\$	\$	\$
NET ASSETS, beginning of year	106,795	30,744	716,025	853,564
TRANSFERRED TO UNRESTRICTED OPERATIONS (Note 7)	-	(30,744)	30,744	-
(DEFICIENCY) OF REVENUE OVER EXPENSES	-	-	(6,624)	(6,624)
AMORTIZATION OF CAPITAL ASSETS	(25,380)	-	25,380	-
INVESTMENT IN CAPITAL ASSETS	9,792	-	(9,792)	-
NET ASSETS, end of year	<u>91,207</u>	<u>-</u>	<u>755,733</u>	<u>846,940</u>

PRIOR YEAR (2006)

	Investment in Capital Assets	Internally Restricted Funds (Note 7)	Unrestricted Operations	2006 Total
	\$	\$	\$	\$
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	22,735	-	(22,735)	-
NET ASSETS, end of year	<u>106,795</u>	<u>30,744</u>	<u>716,025</u>	<u>853,564</u>

See accompanying notes

BC GAMES SOCIETY

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31,

2007

2006

\$

\$

REVENUE

Province of British Columbia - Operating Grant	1,982,000	1,832,000
- Grant - Family of Games	155,000	195,000
Funding partner (<i>Note 10</i>)	40,000	40,000
Souvenirs	3,897	4,895
Contractual revenues, net	33,900	3,000
Athlete registration	157,985	99,388
Interest earned	55,353	51,793
	<u>2,428,135</u>	<u>2,226,076</u>

EXPENSES

Salaries and employee benefits	620,217	602,458
Travel and accommodation	75,365	87,328
Professional services	34,090	25,289
Computer maintenance	5,660	1,679
Office and business expenses	77,070	78,723
Advertising and publications	62,328	42,218
Insurance, leases and utilities	105,502	108,200
Games operating costs	502,568	587,726
Lawsuit settlement (<i>Note 6</i>)	55,000	-
Sports Hall of Fame Exhibit	26,500	-
Amortization	25,380	31,230
Operating grants, less returns	845,079	703,906
	<u>2,434,759</u>	<u>2,268,757</u>

(DEFICIENCY) OF REVENUE OVER EXPENSES

(6,624) (42,681)

See Schedules 1, 2 and 3 for Schedule of Expenses

See accompanying notes

BC GAMES SOCIETY

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31,

2007
\$

2006
\$

CASH FLOW DERIVED FROM (APPLIED TO)

Operating

(Deficiency) of revenue over expenses

(6,624)

(42,681)

Amortization

25,380

31,230

18,756

(11,451)

Changes in non-cash operating working capital

Receivables

100,451

(103,687)

Inventory

(3,666)

3,196

Prepays

308

(1,325)

Payables and accruals

(678,715)

632,323

Deferred funding

3,756

(3,347)

(559,110)

515,709

Investing

Purchase of capital assets (*Note 3*)

(9,792)

(22,735)

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

(568,902)

492,974

CASH AND CASH EQUIVALENTS, beginning of year

1,375,840

882,866

CASH AND CASH EQUIVALENTS, end of year

806,938

1,375,840

See accompanying notes

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

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 88% 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	3-5 years
Registration programs and computer cabling	5 years
Bedding, flags and signs for host societies	12 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, 2007

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 disbursement of funds has been authorized.

3. CAPITAL ASSETS

	2007	2006
	\$	\$
Registration software	272,640	265,990
Application software	17,225	15,037
Computers	39,055	39,055
Bedding, flags and signs for Host Societies	120,676	119,722
Furniture and equipment	20,732	20,732
Cabling	8,436	8,436
Leaseholds	17,172	17,172
Trademarks	763	763
	<u>496,699</u>	<u>486,907</u>
At cost	496,699	486,907
Less: Accumulated amortization	<u>405,492</u>	<u>380,112</u>
Net book value	<u>91,207</u>	<u>106,795</u>
Additions during the year		
Computers	-	3,659
Bedding and flags	954	2,385
Registration software enhancements	6,650	13,585
Computer software	<u>2,188</u>	<u>3,106</u>
	<u>9,792</u>	<u>22,735</u>

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

4. SURPLUS FROM HOST SOCIETIES

Surplus from the host societies is comprised of:

	<u>2007</u>	<u>2006</u>
	\$	\$
Abbotsford 2004 Summer Games Society	-	151,094
Greater Trail 2006 Winter Games Society	<u>34,921</u>	<u>-</u>
	<u>34,921</u>	<u>151,094</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>
	\$
2008	206,800
2009	64,200
2010	49,800
2011	30,500
2012	<u>-</u>
	351,300

Host Society Commitments

	<u>\$</u>	
2008	555,000	
2009	670,000	
2010	615,000	
2011	625,000	
2012	<u>525,000</u>	<u>2,990,000</u>
		<u>3,341,300</u>

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

6. CONTINGENT LIABILITY

The Society was named as a party to a lawsuit related to injuries sustained by a volunteer of the Nanaimo 2002 Summer Games. This was settled during the year at \$55,000.

7. INTERNALLY RESTRICTED FUNDS

Internally restricted funds are now included with unrestricted funds.

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 \$1,982,000 from the Province for operations. In addition, \$155,000 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:

	2007	2006
	\$	\$
Grant received - Operations	1,982,000	1,832,000
- Family of Games	155,000	195,000
Interest earned	53,825	51,793
Balance in the Investment Trust Account at year end (included in cash equivalents on the Statement of Financial Position)	747,924	1,267,099

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, 2007

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

	2007	2006
	\$	\$
a) Funds for B.C. Olympic and Paralympics Youth Leadership Program:		
Opening balance	12,465	19,430
Received from Legacies Now	6,000	1,000
Contributions from non-government sources	<u>-</u>	<u>10,750</u>
	18,465	31,180
Expenses		
Greater Trail 2006 Winter Games Society	-	16,000
Other	<u>721</u>	<u>2,715</u>
Balance, end of year	<u><u>17,744</u></u>	<u><u>12,465</u></u>
b) Funds to further promote the B.C. Senior Games:		
Opening balance	4,882	-
Contributions from Legacies Now	5,000	20,000
Expenses incurred under the agreement	<u>(8,523)</u>	<u>(15,118)</u>
Balance, end of year	<u><u>1,359</u></u>	<u><u>4,882</u></u>
c) Funding from Telus for bursaries and to Kid Sport Fund:		
Opening balance	2,000	3,264
Funds received	2,000	-
Bursary paid	<u>-</u>	<u>1,264</u>
Balance, end of year	<u><u>4,000</u></u>	<u><u>2,000</u></u>
Total Deferred Funding	<u><u>23,103</u></u>	<u><u>19,347</u></u>

12. SUBSEQUENT EVENTS

Effective April 1, 2007, the Society will no longer fund the B.C. Seniors Games Society. In addition, the Society will no longer provide core operational funding for the Northern B.C. Winter Games Society and BC Disability Sports. This funding will be provided directly by the Province of British Columbia. The Society will continue to fund the Northern and Disability games host societies.

BC GAMES SOCIETY**SCHEDULE OF EXPENSES**

YEAR ENDED MARCH 31,	2007	2006
	\$	\$
SALARIES AND EMPLOYEE BENEFITS		
CEO – base contract	97,123	90,450
Base salaries – other staff	411,364	404,543
Casual employees	5,431	3,507
Canada pension	17,804	16,988
Employment insurance	9,430	9,516
Medical services plan	9,414	7,986
Group insurance	41,024	40,690
Pension plan	24,939	25,634
Health development	700	503
Worker's Compensation Board	2,988	2,641
	<u>620,217</u>	<u>602,458</u>
TRAVEL AND ACCOMMODATION		
Air travel	5,193	17,599
Travel and accommodation	54,208	52,938
Per diem	13,394	14,561
Mileage and parking	2,570	2,230
	<u>75,365</u>	<u>87,328</u>
PROFESSIONAL SERVICES		
External accountants	12,006	10,041
Audit and legal	12,418	12,748
Sports partner services	9,666	2,500
	<u>34,090</u>	<u>25,289</u>

BC GAMES SOCIETY**SCHEDULE OF EXPENSES****YEAR ENDED MARCH 31,****2006**
\$**2005**
\$**COMPUTER MAINTENANCE**

Maintenance

5,6601,679**OFFICE AND BUSINESS EXPENSES**

Office supplies

15,709

18,238

Postage

20,627

10,907

Office expenses

18,535

14,208

Board administration

9,037

11,488

Staff training

879

4,467

Business expenses

5,918

6,713

G.S.T. expense portion

6,36512,70277,07078,723**ADVERTISING AND PUBLICATIONS**

Television advertising

30,000

25,000

Zone qualifying promotions

3,580

3,767

Marketing

28,74813,45162,32842,218**INSURANCE, LEASES, UTILITIES**

Office and liability insurance

21,889

24,862

Rent, utilities, property tax

57,142

57,113

Telephone

14,917

16,557

Equipment lease

11,5549,668105,502108,200

BC GAMES SOCIETY**SCHEDULE OF EXPENSES**

YEAR ENDED MARCH 31,	2007	2006
	\$	\$
GAMES OPERATING COSTS		
External transportation - Summer	489,298	-
External transportation - Winter	-	572,550
Games general supplies	<u>13,270</u>	<u>15,176</u>
	<u>502,568</u>	<u>587,726</u>
OPERATING GRANTS		
B.C. Disability Sport	25,000	65,000
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
Greater Trail 2006 Winter Games Society	-	475,000
Kamloops 2006 Summer Games Society	550,000	50,000
Kimberley - Cranbrook 2008 Winter Games Society	<u>85,000</u>	<u>50,000</u>
	880,000	855,000
Less: Surplus from host societies (<i>Note 4</i>)	<u>(34,921)</u>	<u>(151,094)</u>
	<u>845,079</u>	<u>703,906</u>