

Financial Statements of
BC GAMES SOCIETY
Year Ended March 31, 2008



MANTELL | DICKSON | BLADES | WISEMAN
Chartered Accountants

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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, 2008 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, 2008 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 23, 2008

Chartered Accountants

Mantell Dickson Blades Wiseman

BC GAMES SOCIETY

STATEMENT OF FINANCIAL POSITION

MARCH 31,

2008
\$

2007
\$

ASSETS

CURRENT

Cash and cash equivalents	1,080,559	806,938
Receivables	167,362	10,209
Inventory	2,285	4,503
Prepays	1,642	1,642

1,251,848 823,292

CAPITAL ASSETS (Note 3)

139,196 91,207

1,391,044 914,499

LIABILITIES

CURRENT

Payables and accruals	483,344	44,456
Deferred funding (Note 9)	14,082	23,103

497,426 67,559

NET ASSETS

NET ASSETS INVESTED IN CAPITAL ASSETS

139,196 91,207

UNRESTRICTED NET ASSETS

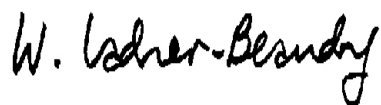
754,422 755,733

893,618 846,940

1,391,044 914,499

COMMITMENTS (Note 5)

CONTINGENT LIABILITY (Note 6)



Wendy Ladner-Beaudry, Co-Chair



Frank Lento, Co-Chair

See accompanying notes

BC GAMES SOCIETY**STATEMENT OF CHANGES IN NET ASSETS****YEAR ENDED MARCH 31,*****CURRENT YEAR (2008)***

	Investment in Capital Assets \$	Unrestricted Operations \$	2008 Total \$
NET ASSETS, beginning of year	91,207	755,733	846,940
EXCESS OF REVENUE OVER EXPENSES	-	46,678	46,678
AMORTIZATION OF CAPITAL ASSETS	(27,737)	27,737	-
INVESTMENT IN CAPITAL ASSETS	<u>75,726</u>	<u>(75,726)</u>	-
NET ASSETS, end of year	<u>139,196</u>	<u>754,422</u>	<u>893,618</u>

PRIOR YEAR (2007)

	Investment in Capital Assets \$	Internally Restricted Funds \$	Unrestricted Operations \$	2007 Total \$
NET ASSETS, beginning of year	106,795	30,744	716,025	853,564
TRANSFERRED TO UNRESTRICTED OPERATIONS	-	(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	<u>9,792</u>	<u>-</u>	<u>(9,792)</u>	-
NET ASSETS, end of year	<u>91,207</u>	<u>-</u>	<u>755,733</u>	<u>846,940</u>

See accompanying notes

BC GAMES SOCIETY

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31,

2008
\$

2007
\$

REVENUE

Province of British Columbia - Operating Grant	2,002,000	2,137,000
BC Senior Games Service Agreement	55,000	-
Funding partners (<i>Note 8</i>)	80,000	40,000
Souvenirs	5,168	3,897
Contractual revenues, net	2,250	33,900
Athlete registration	201,143	157,985
Interest earned	88,309	55,353
	<u>2,433,870</u>	<u>2,428,135</u>

EXPENSES

Salaries and employee benefits	595,254	620,217
Travel and accommodation	93,506	75,365
Professional services	29,779	34,090
Computer maintenance	10,340	5,660
Office and business expenses	72,073	77,070
Advertising and publications	60,521	62,328
Insurance, leases and utilities	110,651	105,502
Games operating costs	687,843	502,568
Lawsuit settlement (<i>Note 6</i>)	-	55,000
Sports Hall of Fame Exhibit	-	26,500
Amortization	27,737	25,380
Operating grants, less returns	699,488	845,079
	<u>2,387,192</u>	<u>2,434,759</u>

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES

46,678 (6,624)

See Schedules 1, 2 and 3 for Schedule of Expenses

See accompanying notes

BC GAMES SOCIETY

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31,

2008
\$

2007
\$

CASH FLOW DERIVED FROM (APPLIED TO)

Operating

Excess (deficiency) of revenue over expenses

46,678

(6,624)

Amortization

27,737

25,380

74,415

18,756

Changes in non-cash operating working capital

Receivables

(157,153)

100,451

Inventory

2,218

(3,666)

Prepays

-

308

Payables and accruals

438,888

(678,715)

Deferred funding

(9,021)

3,756

349,347

(559,110)

Investing

Purchase of capital assets (*Note 3*)

(75,726)

(9,792)

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

273,621

(568,902)

CASH AND CASH EQUIVALENTS, beginning of year

806,938

1,375,840

CASH AND CASH EQUIVALENTS, end of year

1,080,559

806,938

See accompanying notes

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

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 83% 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, 2008

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.

(g) Financial Instruments

The Society invests in short term investments held by BC Investment Management Corporation which provides fund management services for public bodies and publicly administrated trust funds.

On April 1, 2007, the Society adopted CICA Handbook sections 3855 (Financial Instruments – Recognition and Measurement) and 3861 (Financial Instruments – Disclosure and Presentation). The Society has designated cash and short-term investments as held for trading and carries them at fair value. Changes in fair value are recognized in revenue and expenses in the period in which they arise. Accounts receivable and accounts payable and accrued liabilities are classified as loans and receivables or other liabilities and are recorded at amortized cost. There was no impact on the opening net assets of the Society on adoption of the new accounting standards. Prior periods have not been restated.

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

3. CAPITAL ASSETS

	2008	2007
	\$	\$
Registration software	287,807	272,640
Application software	8,989	17,225
Computers	10,375	39,055
Bedding, flags and signs for Host Societies	111,177	120,676
Furniture and equipment	32,552	20,732
Cabling	8,436	8,436
Leaseholds	17,172	17,172
Trademarks	763	763
	<hr/>	<hr/>
At cost	477,271	496,699
Less: Accumulated amortization	338,075	405,492
	<hr/>	<hr/>
Net book value	<u>139,196</u>	<u>91,207</u>
Additions during the year		
Computers	10,375	-
Bedding and flags	14,690	954
Registration software enhancements	15,167	6,650
Computer software	2,942	2,188
Furniture and equipment	32,552	-
	<hr/>	<hr/>
	<u>75,726</u>	<u>9,792</u>

4. SURPLUS FROM HOST SOCIETIES

Surplus from the host societies is comprised of:

	2008	2007
	\$	\$
Kamloops 2006 Summer Games Society	80,512	-
Greater Trail 2006 Winter Games Society	-	34,921
	<hr/>	<hr/>
	<u>80,512</u>	<u>34,921</u>

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

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> <u>\$</u>
2009	240,300
2010	214,500
2011	195,700
2012	165,800
2013	<u>166,400</u>
	982,700

Host Society Commitments

	<u>\$</u>	
2009	470,000	
2010	615,000	
2011	625,000	
2012	525,000	
2013	<u>625,000</u>	<u>2,860,000</u>
		<u>3,842,700</u>

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 previous fiscal year at \$55,000.

7. 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.

Details are as follows:

	<u>2008</u> <u>\$</u>	<u>2007</u> <u>\$</u>
Grant received - Operations	2,002,000	1,982,000
- Family of Games	-	155,000
Interest earned	88,309	53,825
Balance in the Investment Trust Account at year end (included in cash equivalents on the Statement of Financial Position)	777,209	747,924

BC GAMES SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

8. FUNDING PARTNERS

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

9. DEFERRED FUNDING

	2008	2007
	\$	\$
a) Funds for B.C. Olympic and Paralympics Youth Leadership Program:		
Opening balance	17,744	12,465
Received from Legacies Now	1,000	6,000
Contributions from non-government sources	8,900	-
	<u>27,644</u>	<u>18,465</u>
Expenses		
Kimberley- Cranbrook 2008 Winter Games Society	(17,400)	-
Other	(1,334)	721
	<u>(18,734)</u>	<u>721</u>
Balance, end of year	<u>8,910</u>	<u>17,744</u>
b) Funds to further promote the B.C. Senior Games:		
Opening balance	1,359	4,882
Contributions from Legacies Now	-	5,000
Expenses incurred under the agreement	(1,359)	(8,523)
	<u>-</u>	<u>1,359</u>
Balance, end of year	<u>-</u>	<u>1,359</u>
c) Funding from Telus for bursaries and to Kid Sport Fund:		
Opening balance	4,000	2,000
Funds received	2,000	2,000
Bursary paid	(828)	-
	<u>5,172</u>	<u>4,000</u>
Balance, end of year	<u>5,172</u>	<u>4,000</u>
Total Deferred Funding	<u>14,082</u>	<u>23,103</u>

10. SUBSEQUENT EVENTS

Shortly after the year end, the Society received \$2,002,000 from the Province of British Columbia on account of the grant for the 2008/09 fiscal year.

BC GAMES SOCIETY

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	2008	2007
	\$	\$
SALARIES AND EMPLOYEE BENEFITS		
CEO – base contract	99,949	97,123
Base salaries – other staff	388,688	411,364
Casual employees	3,556	5,431
Canada pension	17,136	17,804
Employment insurance	8,633	9,430
Medical services plan	6,840	9,414
Group insurance	40,815	41,024
Pension plan	26,812	24,939
Health development	1,189	700
Worker's Compensation Board	1,636	2,988
	<u>595,254</u>	<u>620,217</u>
TRAVEL AND ACCOMMODATION		
Air travel	17,650	5,193
Travel and accommodation	60,872	54,208
Per diem	12,888	13,394
Mileage and parking	2,096	2,570
	<u>93,506</u>	<u>75,365</u>
PROFESSIONAL SERVICES		
External accountants	12,230	12,006
Audit and legal	12,526	12,418
Sports partner services	1,150	9,666
Economic impact study	3,873	-
	<u>29,779</u>	<u>34,090</u>

BC GAMES SOCIETY

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	2008	2007
	\$	\$
COMPUTER MAINTENANCE		
Maintenance	10,340	5,660
OFFICE AND BUSINESS EXPENSES		
Office supplies	15,174	15,709
Postage	9,444	20,627
Office expenses	21,224	18,535
Board administration	10,973	9,037
Staff training	749	879
Business expenses	5,530	5,918
G.S.T. expense portion	8,979	6,365
	<u>72,073</u>	<u>77,070</u>
ADVERTISING AND PUBLICATIONS		
Television advertising	30,000	30,000
Zone qualifying promotions	3,912	3,580
Marketing	21,296	28,748
Corporate partners advertising	2,613	-
Website re-development	2,700	-
	<u>60,521</u>	<u>62,328</u>
INSURANCE, LEASES, UTILITIES		
Office and liability insurance	19,206	21,889
Rent, utilities, property tax	58,430	57,142
Telephone	14,664	14,917
Equipment lease	18,351	11,554
	<u>110,651</u>	<u>105,502</u>

BC GAMES SOCIETY

SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31,	2008	2007
	\$	\$
GAMES OPERATING COSTS		
External transportation - Summer	-	489,298
External transportation - Winter	669,699	-
Games general supplies	18,144	13,270
	<u>687,843</u>	<u>502,568</u>
OPERATING GRANTS		
B.C. Disability Sport	-	25,000
Northern B.C. Winter Games Society	-	65,000
B.C. Senior Games Society	-	65,000
Northern B.C. Winter Games (Host Society)	45,000	45,000
B.C. Disability Games (Host Society)	45,000	-
B.C. Seniors Games (Host Society)	-	45,000
Kamloops 2006 Summer Games Society	-	550,000
Kimberley - Cranbrook 2008 Winter Games Society	440,000	85,000
Kelowna 2008 Summer Games Society	250,000	-
	780,000	880,000
Less: Surplus from host societies (<i>Note 4</i>)	<u>(80,512)</u>	<u>(34,921)</u>
	<u>699,488</u>	<u>845,079</u>