

2010 Legacies Now Society
(formerly 2010 LegaciesNow Society)

Financial Statements
June 30, 2006

September 26, 2006

Auditors' Report

To the Members of 2010 Legacies Now Society

We have audited the balance sheet of **2010 Legacies Now Society** as at June 30, 2006 and the statements of operations, changes in fund balances 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 June 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with the British Columbia Society Act, we report that these principles have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Accountants

2010 Legacies Now Society

Balance Sheet

As at June 30, 2006

	2006 \$	2005 \$
Assets		
Current assets		
Cash and short-term investments (note 3)	71,806,733	52,228,632
Accounts receivable	2,057,026	6,154,232
Prepaid expenses and deposits	137,130	61,623
	<u>74,000,889</u>	<u>58,444,487</u>
Notes receivable (note 4)	145,000	145,000
Property, plant and equipment (note 5)	493,845	272,900
	<u>74,639,734</u>	<u>58,862,387</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	6,838,143	1,859,681
Fund balances		
General		
Invested in property, plant and equipment (note 6)	493,845	272,900
Unrestricted	10,687,873	7,781,298
	<u>11,181,718</u>	<u>8,054,198</u>
Restricted		
Sport and Recreation Now (note 9)	28,741,752	28,663,745
Arts Now	10,154,693	11,310,199
Literacy Now	15,508,176	6,403,256
Volunteers Now	455,252	811,308
Other (note 10)	1,760,000	1,760,000
	<u>56,619,873</u>	<u>48,948,508</u>
Total fund balances	<u>67,801,591</u>	<u>57,002,706</u>
	<u>74,639,734</u>	<u>58,862,387</u>
Commitments (note 8)		

Approved by the Board of Directors

_____ Director

_____ Director

2010 Legacies Now Society

Statement of Changes in Fund Balances

For the year ended June 30, 2006

	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	Total 2006 \$	Total 2005 \$
Fund balances – Beginning of year	8,054,198	28,663,745	11,310,199	6,403,256	811,308	1,760,000	57,002,706	24,758,166
Excess (deficiency) of revenue over expenses	2,747,064	331,794	(1,152,457)	9,108,730	(236,246)	-	10,798,885	32,244,540
Interfund appropriations (note 11)	380,456	(253,787)	(3,049)	(3,810)	(119,810)	-	-	-
Fund balances – End of year	<u>11,181,718</u>	<u>28,741,752</u>	<u>10,154,693</u>	<u>15,508,176</u>	<u>455,252</u>	<u>1,760,000</u>	<u>67,801,591</u>	<u>57,002,706</u>

2010 Legacies Now Society

Statement of Operations

For the year ended June 30, 2006

	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	Total 2006 \$	Total 2005 \$ (note 14)
Revenue								
Contributions	5,726,814	21,552,031	880,000	9,922,800	-	-	38,081,645	52,187,760
Net investment and other income (note 7)	1,667,063	4,035	-	-	-	-	1,671,098	546,468
Contributions in kind	288,204	-	24,000	-	-	-	312,204	156,100
	<u>7,682,081</u>	<u>21,556,066</u>	<u>904,000</u>	<u>9,922,800</u>	<u>-</u>	<u>-</u>	<u>40,064,947</u>	<u>52,890,328</u>
Expenses								
Program	1,987,439	20,589,208	1,807,983	447,252	129,958	-	24,961,840	17,380,440
General and administrative	1,202,426	172,057	24,272	60,075	10,169	-	1,468,999	1,719,855
Salaries and benefits	1,456,948	463,007	200,202	306,743	96,119	-	2,523,019	1,389,393
In kind	288,204	-	24,000	-	-	-	312,204	156,100
	<u>4,935,017</u>	<u>21,224,272</u>	<u>2,056,457</u>	<u>814,070</u>	<u>236,246</u>	<u>-</u>	<u>29,266,062</u>	<u>20,645,788</u>
Excess (deficiency) of revenue over expenses for the year	<u>2,747,064</u>	<u>331,794</u>	<u>(1,152,457)</u>	<u>9,108,730</u>	<u>(236,246)</u>	<u>-</u>	<u>10,798,885</u>	<u>32,244,540</u>

2010 Legacies Now Society

Statement of Cash Flows

For the year ended June 30, 2006

	2006 \$	2005 \$
Cash flows provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	10,798,885	32,244,540
Items not affecting cash		
Amortization of property, plant and equipment	257,920	92,800
Loss on disposal of property, plant and equipment	18,684	-
	<u>11,075,489</u>	<u>32,337,340</u>
Changes in non-cash working capital items		
Accounts receivable	4,097,206	(5,502,946)
Prepaid expenses and deposits	(75,507)	(12,181)
Accounts payable and accrued liabilities	4,978,462	1,565,975
	<u>9,000,161</u>	<u>(3,949,152)</u>
	<u>20,075,650</u>	<u>28,388,188</u>
Investing activities		
Increase in notes receivable	-	(45,000)
Purchase of property, plant and equipment	(501,336)	(309,971)
Proceeds from sale of property, plant and equipment	3,787	-
	<u>(497,549)</u>	<u>(354,971)</u>
Increase in cash and short-term investments	19,578,101	28,033,217
Cash and short-term investments – Beginning of year	<u>52,228,632</u>	<u>24,195,415</u>
Cash and short-term investments – End of year	<u>71,806,733</u>	<u>52,228,632</u>

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Notes to Financial Statements

June 30, 2006

1 Organization

2010 Legacies Now Society (the society) is a not-for-profit organization, incorporated on June 5, 2001 under the British Columbia Society Act. During the year, the society changed its name from 2010 LegaciesNow Society to 2010 Legacies Now Society.

The society was initially formed under an agreement with the Vancouver 2010 Bid Corporation to manage and deliver certain Legacies Now Programs in an effort to maximize legacies that could be created for sport during the bid phase for the 2010 Olympic and Paralympic Winter Games (2010 Games) in British Columbia. Following the selection of Vancouver as the Host City of the 2010 Games, the society's mandate was expanded.

The society works in partnership with community organizations, non-government organizations, the private sector and all levels of government to develop sustainable legacies in sport and recreation, the arts, literacy, volunteerism and communities. The society assists communities to discover and create unique and inclusive social and economic opportunities leading up to, during and beyond the 2010 Games.

To this point the society has received substantially all of its funding from the Province of British Columbia and the Vancouver 2010 Bid Corporation.

2 Significant accounting policies

Fund accounting

The society follows the restricted fund method of accounting for contributions.

The General Fund reflects the society's administrative activities. At the time contributions to the society are recorded, any amounts included in those contributions which are designated by the contributor for administrative and non-program activities are recorded in the General Fund. Where a contributor permits some of the contribution to be used for administration and non-program activities, but does not specify the amount which may be used in those activities, the society's policy is to allocate 12% of the total contribution to the General Fund.

The society receives contributions that are designated by the contributors for programs within certain areas of the society's mandate. The society reports the contributions and activities for these programs in restricted funds as follows:

Sport and Recreation Now - on projects that will build a strong and lasting sport system in British Columbia that increases participation from "playground to podium" while supporting healthy and vibrant communities and contributing to the provincial economy.

Arts Now - on projects that will strengthen and enhance the creative capacity of individuals, organizations and communities throughout British Columbia.

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Literacy Now - on projects that will engage and mobilize the energy and knowledge within communities and schools in order to make British Columbia the most literate province in Canada and to prepare British Columbians for the future.

Volunteers Now - on projects that will strengthen volunteerism based on identified local, provincial and national needs and to strengthen the vibrant culture of community service.

Other Restricted - on projects that support the society's overall mandate, but which are outside the designated areas of the Now funds.

Revenue recognition

Contributions to restricted funds, and contributions to the general fund where there are no restrictions by the contributor, are recognized as revenue at the earlier of the time the funds are received and the time a contributor enters into a contract with the society to provide funding, provided the amount of the funding is known and the collectibility is reasonably assured. Revenue receivable under a contract is recognized when the contract is entered into regardless of the date the payments are to be made or the program period that the funding relates to.

Contributions to the general fund, where the contributor restricts the period or expenditures they may be used for, are recorded using the deferral method. The contributions are recorded as revenue in the period to which the funding relates, or in the period the permitted expenditures are incurred.

Interest income is recognized as revenue when received or receivable.

Contributions in kind

Contributions in kind for goods and services are recognized only when fair value can be reasonably estimated and when the goods and services are used in the normal course of the society's operations and would otherwise have been purchased. Because of the difficulty in determining their fair value, services contributed by volunteers are not recognized in the financial statements.

During the year, contributions in kind received in the year which were valued at approximately \$391,000 are not recognized in these financial statements because they do not meet the above criteria.

Project expenditure

The society recognizes a grant expense at the time it contracts to provide that grant, even though the grantee may be required to comply with certain administrative, reporting and other requirements prior to receiving all of the contracted funds.

Short-term investments

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

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June 30, 2006

Property, plant and equipment

Property, plant and equipment are recorded at cost, less amortization. Amortization, which is recorded in the General fund, is provided using the following annual rates:

Office furniture and equipment	20% declining-balance method
Computer hardware	30% declining-balance method
Computer software	100% declining-balance method
Leasehold improvements	Straight line over the term of the lease

Amortization is provided at one-half the usual rate in the year of acquisition.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3 Cash and short-term investments

	2006	2005
	\$	\$
Cash	3,046,248	9,306,006
Short-term investments	68,760,485	42,922,626
	<u>71,806,733</u>	<u>52,228,632</u>

The market value of the short-term investments at the end of the year is \$68,760,485 (2005 - \$43,126,226).

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Notes to Financial Statements

June 30, 2006

4 Notes receivable

	2006 \$	2005 \$
Note, without security, bearing interest at 3% per annum payable annually. The principal is due for payment on July 25, 2010 but may be repaid earlier without penalty	100,000	100,000
Note, without security, bearing interest at 2.3% per annum payable annually. The principal is due for payment on February 28, 2008 but may be repaid earlier without penalty	45,000	45,000
	<u>145,000</u>	<u>145,000</u>

5 Property, plant and equipment

	<u>2006</u>		<u>2005</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture and equipment	173,190	29,664	143,526	89,417
Computer hardware	225,911	86,498	139,413	127,908
Computer software	425,535	223,714	201,821	41,947
Leasehold improvements	20,442	11,357	9,085	13,628
	<u>845,078</u>	<u>351,233</u>	<u>493,845</u>	<u>272,900</u>

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Notes to Financial Statements

June 30, 2006

6 Invested in property, plant and equipment

The amount invested in property, plant and equipment consists of the following:

	2006	2005
	\$	\$
Balance – Beginning of year	272,900	55,729
Acquisition of property, plant and equipment	501,336	309,971
	<hr/> 774,236	<hr/> 365,700
Less:		
Amortization of property, plant and equipment	257,920	92,800
Net book amount of assets disposed of during the year	22,471	-
	<hr/> 280,391	<hr/> 92,800
Balance – End of year	<hr/> <u>493,845</u>	<hr/> <u>272,900</u>

7 Net investment and other income

The net investment and other income consist of the following:

	2006	2005
	\$	\$
Investment income	2,133,341	546,468
Decline in value of short-term investments	(443,559)	-
Loss on disposal of assets	(18,684)	-
	<hr/> 1,671,098	<hr/> 546,468

During the year, the society recorded a decline in value of its short-term investments of \$443,559 to reflect the market value as at June 30, 2006.

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8 Commitments

The society is committed to the following rental payments for premises:

	\$
2007	201,000
2008	199,900
2009	201,500
2010	219,400
2011	199,000

9 Sport and Recreation Now fund balance

The Sport and Recreation Now fund includes an amount restricted for specific activities prescribed by the British Columbia Ministry of Tourism, Sports and the Arts. A summary of these funds is as follows:

	2006 \$	2005 \$
Balance – Beginning of year	1,065,353	2,949,728
Contributions	6,513,000	9,778,564
	7,578,353	12,728,292
Program expenses	7,572,409	11,662,939
Balance – End of year	5,944	1,065,353

The remaining balance on hand at June 30, 2006 of \$5,944 (2005 - \$1,065,353) is required by the contributor to be spent by March 31, 2007.

10 Other Restricted fund balance

The Other Restricted fund consists of a contribution from the British Columbia Ministry of Education to be used in programs that support the use of school facilities by communities throughout the year. The society did not use any of the Other Restricted fund in 2006.

11 Interfund appropriations

During the year, funds have been appropriated from Sport and Recreation Now, Arts Now, Literacy Now and Volunteers Now to the General fund for certain capital costs including the development of websites.

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June 30, 2006

12 Financial instruments

The society has various financial instruments including cash and short-term investments, accounts receivable, prepaid expenses and deposits, notes receivable, and accounts payable and accrued liabilities. The society estimates that the carrying values of these financial instruments approximate their fair values due to their short-term nature.

13 Trust assets and obligations

These financial statements do not include assets that the society holds in trust or the related trust obligations.

14 Comparative figures

Various comparative figures in the statement of operations have been reclassified to conform with the current year classifications.

