

# **2010 Legacies Now Society**

Financial Statements

**June 30, 2007**

October 17, 2007

## **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, 2007 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, 2007 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, except as described in note 2.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

# 2010 Legacies Now Society

## Balance Sheet

As at June 30, 2007

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	2007 \$	2006 \$ (note 14)
<b>Assets</b>		
<b>Current assets</b>		
Cash and short-term investments (note 3)	74,726,810	71,806,733
Accounts receivable	3,811,840	2,057,026
Prepaid expenses and deposits	107,200	137,130
Current portion of notes receivable (note 4)	45,000	-
	<u>78,690,850</u>	<u>74,000,889</u>
<b>Notes receivable</b> (note 4)	100,000	145,000
<b>Property, plant and equipment</b> (note 5)	295,993	364,304
<b>Web site development costs</b> (note 6)	194,407	129,541
	<u>79,281,250</u>	<u>74,639,734</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	6,842,401	6,838,143
Deferred revenue	325,000	-
	<u>7,167,401</u>	<u>6,838,143</u>
<b>Fund Balances</b>		
General		
Invested in property, plant and equipment (note 7)	295,993	364,304
Invested in web site development costs (note 8)	194,407	129,541
Unrestricted	17,177,010	10,687,873
	<u>17,667,410</u>	<u>11,181,718</u>
Restricted		
Sport and Recreation Now	23,328,314	28,741,752
Arts Now	10,320,384	10,154,693
Literacy Now	19,300,521	15,508,176
Volunteers Now	162,220	455,252
Other	1,335,000	1,760,000
	<u>54,446,439</u>	<u>56,619,873</u>
<b>Total fund balances</b>	<u>72,113,849</u>	<u>67,801,591</u>
	<u>79,281,250</u>	<u>74,639,734</u>

**Commitments** (note 10)

**Approved by the Board of Directors**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**2010 Legacies Now Society**  
 Statement of Changes in Fund Balances  
 For the year ended June 30, 2007

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	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	Total 2007 \$	Total 2006 \$
<b>Fund balances - Beginning of year</b>	11,181,718	28,741,752	10,154,693	15,508,176	455,252	1,760,000	67,801,591	57,002,706
<b>Excess (deficiency) of revenue over expenses</b>	6,079,972	(4,156,320)	(230,391)	2,879,435	(260,438)	-	4,312,258	10,798,885
<b>Interfund appropriations (note 11)</b>	55,645	(23,051)	-	425,000	(32,594)	(425,000)	-	-
<b>Interfund reallocations</b>	350,075	(1,234,067)	396,082	487,910	-	-	-	-
<b>Fund balances - End of year</b>	<u>17,667,410</u>	<u>23,328,314</u>	<u>10,320,384</u>	<u>19,300,521</u>	<u>162,220</u>	<u>1,335,000</u>	<u>72,113,849</u>	<u>67,801,591</u>

# 2010 Legacies Now Society

## Statement of Operations

For the year ended June 30, 2007

	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	Total 2007 \$	Total 2006 \$ (note 14)
<b>Revenue</b>								
Contributions	9,330,553	17,465,229	1,677,000	5,518,275	12,875	-	34,003,932	38,081,645
Net investment and other income (note 9)	2,468,857	4,032	-	-	-	-	2,472,889	1,671,098
Contributions in kind	215,017	22,000	-	-	-	-	237,017	312,204
	<u>12,014,427</u>	<u>17,491,261</u>	<u>1,677,000</u>	<u>5,518,275</u>	<u>12,875</u>	<u>-</u>	<u>36,713,838</u>	<u>40,064,947</u>
<b>Expenses</b>								
Program	2,357,132	20,983,540	1,720,887	2,083,202	135,402	-	27,280,163	24,961,840
General and administrative	1,264,115	155,188	19,035	52,486	14,917	-	1,505,741	1,468,999
Salaries and benefits	2,098,191	486,853	167,469	503,152	122,994	-	3,378,659	2,523,019
In kind	215,017	22,000	-	-	-	-	237,017	312,204
	<u>5,934,455</u>	<u>21,647,581</u>	<u>1,907,391</u>	<u>2,638,840</u>	<u>273,313</u>	<u>-</u>	<u>32,401,580</u>	<u>29,266,062</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<u>6,079,972</u>	<u>(4,156,320)</u>	<u>(230,391)</u>	<u>2,879,435</u>	<u>(260,438)</u>	<u>-</u>	<u>4,312,258</u>	<u>10,798,885</u>

# 2010 Legacies Now Society

## Statement of Cash Flows

For the year ended June 30, 2007

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	2007 \$	2006 \$ (note 14)
<b>Cash flows from Operating activities</b>		
Excess of revenue over expenses for the year	4,312,258	10,798,885
Items not affecting cash		
Amortization	279,980	257,920
Loss on disposal of property, plant and equipment	1,124	18,684
	<hr/> 4,593,362	<hr/> 11,075,489
Changes in non-cash working capital items		
Accounts receivable	(1,754,814)	4,097,206
Prepaid expenses and deposits	29,930	(75,507)
Accounts payable and accrued liabilities	4,258	-
Deferred revenue	325,000	4,978,462
	<hr/> (1,395,626)	<hr/> 9,000,161
	<hr/> 3,197,736	<hr/> 20,075,650
<b>Cash flows from Investing activities</b>		
Purchase of property, plant and equipment	(108,676)	(250,853)
Proceeds from sale of property, plant and equipment	1,000	3,787
Purchase of web site development costs	(169,983)	(250,483)
	<hr/> (277,659)	<hr/> (497,549)
<b>Increase in cash and short-term investments</b>	2,920,077	19,578,101
<b>Cash and short-term investments - Beginning of year</b>	<hr/> 71,806,733	<hr/> 52,228,632
<b>Cash and short-term investments - End of year</b>	<hr/> <hr/> 74,726,810	<hr/> <hr/> 71,806,733

# 2010 Legacies Now Society

Notes to Financial Statements

June 30, 2007

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## 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.

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 the majority of its funding from the Province of British Columbia.

## 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 General Fund also includes contributions and program expenses other than those allocated to the restricted funds.

Contributions that are designated by the contributors for use in particular areas of the Society's mandate are reflected in the following restricted funds:

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.

# 2010 Legacies Now Society

Notes to Financial Statements

June 30, 2007

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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.

Net investment and other income is recognized as revenue when earned. It reflects gains and losses on disposal of investments and any writedowns of investments to market value.

## **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.

## **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.

# 2010 Legacies Now Society

Notes to Financial Statements

June 30, 2007

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## 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.

## Web site development costs

Web site development costs are recorded at cost less amortization. Amortization is provided at 50% using the declining-balance method, with one-half the usual rate in the year of acquisition.

In the previous year, these costs were amortized on a declining balance basis at 100% per annum, with one-half the usual rate in the year of acquisition. The change has been applied prospectively. As a result of this change, the amortization for the year is \$105,000 less than it would have been using the old rate.

## 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.

# 2010 Legacies Now Society

## Notes to Financial Statements

June 30, 2007

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### Future accounting changes - Financial instruments

In 2005, the Canadian Institute of Chartered Accountants (CICA) issued new accounting standards comprising handbook sections 3855, "Financial Instruments - Recognition and Measurement", 3865, "Hedges", and 3251. "Equity", which will become effective for the Society beginning July 1, 2007. The standards require that organizations elect to designate each financial asset as trading, available-for-sale, held-to-maturity or loans and receivables. In addition, the standards require that all financial assets be measured at fair value on the balance sheet with the exception of loans, receivables, and investments classified as held-to-maturity, which will be measured at amortized cost. Changes in the fair value of available-for-sale securities will be reported as a separate component within the statement of fund balances, until the financial asset is disposed of or becomes impaired. Changes in the fair value of assets held for trading will be reported in the statement of operations. Similarly, the standards require that all financial liabilities be measured at fair value on the balance sheet when they are held for trading. Other financial liabilities should be measured at amortized cost.

### 3 Cash and short-term investments

	2007	2006
	\$	\$
Cash	1,018,612	3,046,248
Short-term investments	73,708,198	68,760,485
	<u>74,726,810</u>	<u>71,806,733</u>

The market value of the short-term investments at the end of the year is \$73,708,198 (2006 - \$68,760,485).

### 4 Notes receivable

	2007	2006
	\$	\$
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>
Less: Current portion	45,000	-
	<u>100,000</u>	<u>145,000</u>

# 2010 Legacies Now Society

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## 5 Property, plant and equipment

			<u>2007</u>	<u>2006</u>
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture and equipment	181,408	58,761	122,647	139,226
Computer hardware	285,678	136,404	149,274	139,413
Computer software	200,500	187,776	12,724	76,580
Leasehold improvements	28,378	17,030	11,348	9,085
	<u>695,964</u>	<u>399,971</u>	<u>295,993</u>	<u>364,304</u>

## 6 Web site development costs

			<u>2007</u>	<u>2006</u>
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Web site development	424,766	230,359	194,407	129,541

## 7 Invested in property, plant and equipment

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

	<u>2007</u>	<u>2006</u>
	\$	\$
Balance - Beginning of year	364,304	268,600
Acquisition of property, plant and equipment	108,676	250,853
	<u>472,980</u>	<u>519,453</u>
Less:		
Amortization of property, plant and equipment	174,863	132,678
Net book amount of assets disposed of during the year	2,124	22,471
	<u>176,987</u>	<u>155,149</u>
Balance - End of year	<u>295,993</u>	<u>364,304</u>

# 2010 Legacies Now Society

Notes to Financial Statements

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## 8 Invested in web site development costs

The amount invested in web site development costs consists of the following:

	2007 \$	2006 \$
Balance - Beginning of year	129,541	-
Costs incurred in the year	169,983	254,783
	<hr/> 299,524	<hr/> 254,783
Less: Amortization of web site development costs	105,117	125,242
	<hr/> 194,407	<hr/> 129,541

## 9 Net investment and other income

The net investment and other income consists of the following:

	2007 \$	2006 \$
Investment income	2,790,305	2,133,341
Decline in value of short-term investments	(316,292)	(443,559)
Loss on disposal of assets	(1,124)	(18,684)
	<hr/> 2,472,889	<hr/> 1,671,098

During the year, the society recorded a decline in value of its short-term investments of \$316,292 (2006 - \$443,559) to reflect the market value as at the year-end.

## 10 Commitments

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

	\$
2008	355,143
2009	411,019
2010	447,014
2011	429,177
2012	178,417

# 2010 Legacies Now Society

Notes to Financial Statements

June 30, 2007

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## 11 Interfund appropriations

	General	Sport and Recreation Now	Arts Now	Literacy Now	Volunteers Now	Other Restricted	Total
	\$	\$	\$	\$	\$	\$	\$
Web site development	(51,860)	19,266	-	-	32,594	-	-
Property, plant and equipment	(3,785)	3,785	-	-	-	-	-
Program	-	-	-	425,000	-	(425,000)	-
	<u>(55,645)</u>	<u>23,051</u>	<u>-</u>	<u>425,000</u>	<u>32,594</u>	<u>(425,000)</u>	<u>-</u>

## 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.

