

# **2010 Legacies Now Society**

Financial Statements  
**June 30, 2008**

October 22, 2008

## **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, 2008 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, 2008 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, 2008

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	2008 \$	2007 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	2,819,103	1,018,612
Short-term investments (note 4)	61,079,238	73,708,198
Accounts receivable	4,756,456	3,811,840
Prepaid expenses and deposits	97,989	107,200
Current portion of notes receivable (note 5)	20,000	45,000
	<u>68,772,786</u>	<u>78,690,850</u>
<b>Notes receivable</b> (note 5)	100,000	100,000
<b>Property and equipment</b> (note 6)	948,447	295,993
<b>Web site development costs</b> (note 7)	337,858	194,407
	<u>70,159,091</u>	<u>79,281,250</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	8,652,803	6,842,401
Deferred revenue	-	325,000
	<u>8,652,803</u>	<u>7,167,401</u>
<b>Fund Balances</b>		
General - unrestricted		
Invested in property and equipment (note 6)	948,447	295,993
Invested in web site development costs (note 7)	337,858	194,407
Accumulated unrealized loss on short-term investments (note 4)	(180,297)	-
Other	16,674,198	17,177,010
	<u>17,780,206</u>	<u>17,667,410</u>
Restricted		
Sport and Recreation Now	16,900,899	23,328,314
Arts Now	7,153,709	10,320,384
Literacy Now	18,336,473	19,300,521
Volunteers Now	1	162,220
Other Restricted	1,335,000	1,335,000
	<u>43,726,082</u>	<u>54,446,439</u>
<b>Total fund balances</b>	<u>61,506,288</u>	<u>72,113,849</u>
	<u>70,159,091</u>	<u>79,281,250</u>

**Commitments** (note 9)

**Approved by the Board of Directors**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**2010 Legacies Now Society**  
**Statement of Changes in Fund Balances**  
**For the year ended June 30, 2008**

	<b>General</b> \$	<b>Sport and Recreation Now</b> \$	<b>Arts Now</b> \$	<b>Literacy Now</b> \$	<b>Volunteers Now</b> \$	<b>Other Restricted</b> \$	<b>2008 Total</b> \$
<b>Fund balances - Beginning of year</b>	17,667,410	23,328,314	10,320,384	19,300,521	162,220	1,335,000	72,113,849
Deficiency of revenue over expenses	(319,976)	(5,424,293)	(3,582,832)	(964,048)	(136,115)	-	(10,427,264)
Unrealized loss on short-term investments	(180,297)	-	-	-	-	-	(180,297)
Interfund transfers (note 10)	613,069	(1,003,122)	416,157	-	(26,104)	-	-
<b>Fund balances - End of year</b>	<b>17,780,206</b>	<b>16,900,899</b>	<b>7,153,709</b>	<b>18,336,473</b>	<b>1</b>	<b>1,335,000</b>	<b>61,506,288</b>

	<b>General</b> \$	<b>Sport and Recreation Now</b> \$	<b>Arts Now</b> \$	<b>Literacy Now</b> \$	<b>Volunteers Now</b> \$	<b>Other Restricted</b> \$	<b>2007 Total</b> \$
<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
Excess (deficiency) of revenue over expenses	6,079,972	(4,156,320)	(230,391)	2,879,435	(260,438)	-	4,312,258
Interfund transfers (note 10)	405,720	(1,257,118)	396,082	912,910	(32,594)	(425,000)	-
<b>Fund balances - End of year</b>	<b>17,667,410</b>	<b>23,328,314</b>	<b>10,320,384</b>	<b>19,300,521</b>	<b>162,220</b>	<b>1,335,000</b>	<b>72,113,849</b>

# 2010 Legacies Now Society

## Statement of Operations

For the year ended June 30, 2008

	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	2008 Total \$
<b>Revenue</b>							
Contributions	5,877,552	19,428,578	1,166,334	3,560,628	35,525	-	30,068,617
Net investment and other income (note 8)	2,892,687	3,889	-	-	-	-	2,896,576
Contributions in kind	227,592	-	-	-	-	-	227,592
	8,997,831	19,432,467	1,166,334	3,560,628	35,525	-	33,192,785
<b>Expenses</b>							
Program	4,603,509	24,091,410	4,492,590	3,978,524	157,517	-	37,323,550
General and administrative	1,643,567	118,073	20,713	52,561	3,376	-	1,838,290
Salaries and benefits	2,843,139	647,277	235,863	493,591	10,747	-	4,230,617
In kind	227,592	-	-	-	-	-	227,592
	9,317,807	24,856,760	4,749,166	4,524,676	171,640	-	43,620,049
<b>Deficiency of revenue over expenses for the year</b>	(319,976)	(5,424,293)	(3,582,832)	(964,048)	(136,115)	-	(10,427,264)
	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	2007 Total \$
<b>Revenue</b>							
Contributions	9,330,553	17,465,229	1,677,000	5,518,275	12,875	-	34,003,932
Net investment and other income (note 8)	2,468,857	4,032	-	-	-	-	2,472,889
Contributions in kind	215,017	22,000	-	-	-	-	237,017
	12,014,427	17,491,261	1,677,000	5,518,275	12,875	-	36,713,838
<b>Expenses</b>							
Program	2,357,132	20,983,540	1,720,887	2,083,202	135,402	-	27,280,163
General and administrative	1,264,115	155,188	19,035	52,486	14,917	-	1,505,741
Salaries and benefits	2,098,191	486,853	167,469	503,152	122,994	-	3,378,659
In kind	215,017	22,000	-	-	-	-	237,017
	5,934,455	21,647,581	1,907,391	2,638,840	273,313	-	32,401,580
<b>Excess (deficiency) of revenue over expenses for the year</b>	6,079,972	(4,156,320)	(230,391)	2,879,435	(260,438)	-	4,312,258

# 2010 Legacies Now Society

## Statement of Cash Flows

For the year ended June 30, 2008

	2008 \$	2007 \$
<b>Cash flows from operating activities</b>		
(Deficiency) excess of revenue over expenses for the year	(10,427,264)	4,312,258
Items not affecting cash		
Amortization	520,062	279,980
Loss on sale of property and equipment	134	1,124
Gain on sale of short-term investments	(198,636)	(41,417)
Loss on writedown of investments	-	316,292
	<u>(10,105,704)</u>	<u>4,868,237</u>
Changes in non-cash working capital items		
Accounts receivable	(944,616)	(1,754,814)
Prepaid expenses and deposits	9,211	29,930
Accounts payable and accrued liabilities	1,810,402	4,258
Deferred revenue	(325,000)	325,000
	<u>549,997</u>	<u>(1,395,626)</u>
	<u>(9,555,707)</u>	<u>3,472,611</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(996,837)	(108,676)
Proceeds from sale of property and equipment	175	1,000
Purchase of web site development costs	(319,439)	(169,983)
Repayment of note receivable	25,000	-
Proceeds on sale of short-term investments	84,302,943	16,742,701
Purchase of short-term investments	(71,655,644)	(21,965,289)
	<u>11,356,198</u>	<u>(5,500,247)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	1,800,491	(2,027,636)
<b>Cash and cash equivalents - Beginning of year</b>	<u>1,018,612</u>	<u>3,046,248</u>
<b>Cash and cash equivalents - End of year</b>	<u>2,819,103</u>	<u>1,018,612</u>

# 2010 Legacies Now Society

Notes to Financial Statements

June 30, 2008

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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 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.

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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 sale 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.

## **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and term deposit redeemable within 90 days.

# 2010 Legacies Now Society

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## Property and equipment

Property 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

With the exception of leasehold improvements, 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.

## 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.

## Implementation of financial instruments standards

In 2005, the Canadian Institute of Chartered Accountants (CICA) issued new accounting standards in handbook section 3855, "Financial Instruments - Recognition and Measurement" which the society adopted on 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 are measured at fair value on the balance sheet with the exception of loans and receivables, and investments classified as held-to-maturity, which are measured at amortized cost. Changes in the fair value of available-for-sale securities are reported as a separate component of fund balances, until the financial asset is disposed of or becomes impaired. Changes in the fair value of assets held-for-trading are reported in the statement of operations. Similarly, the standards require that all financial liabilities are designated as held-for-trading or other liabilities. Held-for-trading liabilities are recorded at fair value and other liabilities are recorded at amortized cost. The society has designated cash and cash equivalents and short-term investments as available-for-sale, accounts receivable and notes receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities. The implementation of these standards on July 1, 2007 did not result in any adjustments to the carrying values of assets and liabilities or to fund balances on that date.

# 2010 Legacies Now Society

Notes to Financial Statements

June 30, 2008

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## Future accounting changes

The following recently issued standards will be implemented by the society on July 1, 2008:

### Financial Instruments - Presentation and Disclosure

CICA handbook section 3862, "Financial Instruments - Disclosures" and section 3863, "Financial Instruments - Presentation", both issued in December 2006, revise the current standards on financial instrument disclosure and presentation, and place an increased emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance with classification of financial instruments, from the perspective of the issuer, between liabilities and fund balances.

## 3 Cash and cash equivalents

	2008 \$	2007 \$
Cash	2,675,353	1,018,612
Term deposit	143,750	-
	<u>2,819,103</u>	<u>1,018,612</u>

The society has contracted with a supplier to maintain the term deposit at a minimum amount of \$143,750.

## 4 Short-term investments

The fair values of these investments are as follows:

	2008 \$	2007 \$
Short-term bonds	20,456,894	73,708,198
Money market funds	40,622,344	-
	<u>61,079,238</u>	<u>73,708,198</u>

At year-end, the cost of these investments exceeded their market value by \$180,297 (2007 - \$316,292). The decline in value as at June 30, 2008 is considered temporary and has been reflected in the unrestricted fund balances as accumulated unrealized loss on short-term investments. In 2007, prior to the adoption of CICA 3855 as described in note 2, the decline in value was reflected in net investment and other income (note 8).

# 2010 Legacies Now Society

Notes to Financial Statements

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## 5 Notes receivable

	2008 \$	2007 \$
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 was due for payment on February 28, 2008 and was repaid in full subsequent to year-end	20,000	45,000
	120,000	145,000
Less: Current portion	20,000	45,000
	<u>100,000</u>	<u>100,000</u>

## 6 Property and equipment

	<u>2008</u>		
	Cost \$	Accumulated amortization \$	Net \$
Office furniture and equipment	424,002	107,347	316,655
Computer hardware	332,606	188,226	144,380
Computer software	597,945	324,336	273,609
Leasehold improvements	337,735	123,932	213,803
	<u>1,692,288</u>	<u>743,841</u>	<u>948,447</u>
	<u>2007</u>		
	Cost \$	Accumulated amortization \$	Net \$
Office furniture and equipment	181,408	58,761	122,647
Computer hardware	285,678	136,404	149,274
Computer software	200,500	187,776	12,724
Leasehold improvements	28,378	17,030	11,348
	<u>695,964</u>	<u>399,971</u>	<u>295,993</u>

# 2010 Legacies Now Society

Notes to Financial Statements

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

	<b>2008</b>	<b>2007</b>
	\$	\$
Balance - Beginning of year	295,993	364,304
Purchase of property and equipment	996,837	108,676
	<hr/>	<hr/>
	1,292,830	472,980
Less		
Amortization of property and equipment	344,074	174,863
Net book amount of assets disposed of during the year	309	2,124
	<hr/>	<hr/>
	344,383	176,987
	<hr/>	<hr/>
Balance - End of year	948,447	295,993

## 7 Web site development costs

	<b>2008</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Web site development	744,205	406,347	337,858
	<hr/>	<hr/>	<hr/>
	<b>2007</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Web site development	424,766	230,359	194,407

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

	2008 \$	2007 \$
Balance - Beginning of year	194,407	129,541
Costs incurred in the year	319,439	169,983
	<hr/>	<hr/>
Less: Amortization of web site development costs	513,846	299,524
	175,988	105,117
	<hr/>	<hr/>
Balance - End of year	337,858	194,407
	<hr/>	<hr/>

## 8 Net investment and other income

The net investment and other income consists of the following:

	2008 \$	2007 \$
Investment income	2,698,074	2,748,888
Gain on sale of short-term investments	198,636	41,417
Writedown of investments to lower of cost and market value	-	(316,292)
	<hr/>	<hr/>
Net investment income	2,896,710	2,474,013
Loss on sale of property and equipment	(134)	(1,124)
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	2,896,576	2,472,889
	<hr/>	<hr/>

## 9 Commitments

The society is committed to the following payments under operating leases for premises and office equipment:

	\$
2009	413,822
2010	447,014
2011	429,177
2012	178,417

# 2010 Legacies Now Society

Notes to Financial Statements

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## 10 Interfund transfers

	<b>General</b>	<b>Sport and Recreation</b>	<b>Arts</b>	<b>Literacy</b>	<b>Volunteers</b>	<b>Other</b>	<b>2008</b>
	<b>\$</b>	<b>Now</b>	<b>Now</b>	<b>Now</b>	<b>Now</b>	<b>Restricted</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Transfers for web site development	331,744	(171,327)	-	-	(160,417)	-	-
Transfers for purchase of property and equipment	6,240	(6,240)	-	-	-	-	-
Shared program transfers	275,085	(825,555)	416,157	-	134,313	-	-
	<u>613,069</u>	<u>(1,003,122)</u>	<u>416,157</u>	<u>-</u>	<u>(26,104)</u>	<u>-</u>	<u>-</u>
	<b>General</b>	<b>Sport and Recreation</b>	<b>Arts</b>	<b>Literacy</b>	<b>Volunteers</b>	<b>Other</b>	<b>2007</b>
	<b>\$</b>	<b>Now</b>	<b>Now</b>	<b>Now</b>	<b>Now</b>	<b>Restricted</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Transfers for web site development	51,860	(19,266)	-	-	(32,594)	-	-
Transfers for purchase of plant and equipment	3,785	(3,785)	-	-	-	-	-
Shared program transfers	350,075	(1,234,067)	396,082	912,910	-	(425,000)	-
	<u>405,720</u>	<u>(1,257,118)</u>	<u>396,082</u>	<u>912,910</u>	<u>(32,594)</u>	<u>(425,000)</u>	<u>-</u>

The various funds contribute to web site development costs and purchases of property and equipment that are related to their mandates. When programs are carried on jointly between funds, interfund transfers are made for the appropriate proportions of shared costs.

## 11 Financial instruments

The society has various financial instruments including cash and cash equivalents and short-term investments, accounts receivable, notes receivable, and accounts payable and accrued liabilities. Cash and cash equivalents and short-term investments are reported at their fair market values. Accounts receivable, notes receivable, and accounts payable and accrued liabilities are reported at amortized cost. The society estimates that the carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The society estimates that the carrying value of notes receivable approximates their fair value as they are interest bearing.

### Interest rate risk

The notes receivable bear interest at fixed rates. The fair value of the short-term investments, and the income

# **2010 Legacies Now Society**

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they generate, vary as market interest rates vary. All other financial instruments are non-interest bearing.

## **Credit risk**

Balances receivable are due primarily from the provincial government. The society does not consider these balances to pose a significant credit risk.

## **12 Trust assets and obligations**

These financial statements do not include assets of \$2,726,033 (2007 - \$2,807,281) that the society holds in trust or the corresponding trust obligations.

