

2010 Legacies Now Society

**Consolidated Financial Statements
June 30, 2010**

November 17, 2010

Auditors' Report

To the Members of 2010 Legacies Now Society

We have audited the consolidated balance sheet of **2010 Legacies Now Society** as at June 30, 2010 and the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Accountants

2010 Legacies Now Society


Consolidated Balance Sheet

As at June 30, 2010

	2010 \$	2009 \$
Assets		
Current assets		
Cash and cash equivalents (note 5)	8,816,264	5,572,140
Short-term investments (note 6)	27,778,392	41,902,676
Accounts receivable	221,874	3,980,642
Prepaid expenses and deposits	111,853	155,311
Current portion of notes receivable (note 7)	100,000	-
	<u>37,028,383</u>	<u>51,610,769</u>
Notes receivable (note 7)	-	100,000
Property and equipment (note 8)	413,904	625,973
Website development costs (note 9)	445,501	625,661
	<u>37,887,788</u>	<u>52,962,403</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	6,265,770	9,038,606
Fund Balances		
General - Unrestricted		
Invested in property and equipment (note 8)	413,904	625,973
Invested in website development costs (note 9)	445,501	625,661
Accumulated unrealized gain on short-term investments (note 6)	378,494	190,700
Other	8,096,913	11,546,586
	<u>9,334,812</u>	<u>12,988,920</u>
Restricted		
Sport and Recreation Now	6,497,194	9,257,341
Arts Now	4,513,168	6,778,341
Literacy Now	9,941,844	13,564,195
Volunteers Now	-	-
Other Restricted	1,335,000	1,335,000
	<u>22,287,206</u>	<u>30,934,877</u>
Total fund balances	<u>31,622,018</u>	<u>43,923,797</u>
	<u>37,887,788</u>	<u>52,962,403</u>

Commitments (note 11)

Approved by the Board of Directors

 _____ Director

 _____ Director

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

	2010						
	General	Sport and Recreation	Arts	Literacy	Volunteers	Other Restricted	Total
	\$	\$	\$	\$	\$	\$	\$
Fund balances - Beginning of year	12,988,920	9,257,341	6,778,341	13,564,195	-	1,335,000	43,923,797
Deficiency of revenue over expenses	(3,743,472)	(2,688,760)	(2,260,950)	(3,622,351)	(174,040)	-	(12,489,573)
Changes in unrealized gain on short-term investments	187,794	-	-	-	-	-	187,794
Interfund transfers (note 12)	(98,430)	(71,387)	(4,223)	-	174,040	-	-
Fund balances - End of year	9,334,812	6,497,194	4,513,168	9,941,844	-	1,335,000	31,622,018

	2009						
	General	Sport and Recreation	Arts	Literacy	Volunteers	Other Restricted	Total
	\$	\$	\$	\$	\$	\$	\$
Fund balances - Beginning of year	17,780,206	16,900,899	7,153,709	18,336,473	1	1,335,000	61,506,288
Deficiency of revenue over expenses	(4,078,957)	(6,707,053)	(1,274,699)	(5,721,078)	(171,704)	-	(17,953,491)
Changes in unrealized gain on short-term investments	371,000	-	-	-	-	-	371,000
Interfund transfers (note 12)	(1,083,329)	(936,505)	899,331	948,800	171,703	-	-
Fund balances - End of year	12,988,920	9,257,341	6,778,341	13,564,195	-	1,335,000	43,923,797

2010 Legacies Now Society
Consolidated Statement of Operations
For the year ended June 30, 2010

	2010						
	General	Sport and Recreation	Arts	Literacy	Volunteers	Other Restricted	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Contributions	1,391,462	8,328,121	-	2,693,253	53,250	-	12,466,086
Net investment and other income (note 10)	1,626,506	3,000	-	-	-	-	1,629,506
Contributions in kind	11,963	-	-	-	-	-	11,963
	<u>3,029,931</u>	<u>8,331,121</u>	<u>-</u>	<u>2,693,253</u>	<u>53,250</u>	<u>-</u>	<u>14,107,555</u>
Expenses							
Program	2,468,956	10,310,592	2,014,815	6,051,304	181,275	-	21,026,942
General and administrative	1,876,366	45,634	9,797	19,344	1,770	-	1,952,911
Salaries and benefits	2,416,118	663,655	236,338	244,956	44,245	-	3,605,312
In kind	11,963	-	-	-	-	-	11,963
	<u>6,773,403</u>	<u>11,019,881</u>	<u>2,260,950</u>	<u>6,315,604</u>	<u>227,290</u>	<u>-</u>	<u>26,597,128</u>
Deficiency of revenue over expenses for the year	<u>(3,743,472)</u>	<u>(2,688,760)</u>	<u>(2,260,950)</u>	<u>(3,622,351)</u>	<u>(174,040)</u>	<u>-</u>	<u>(12,489,573)</u>

	2009						
	General	Sport and Recreation	Arts	Literacy	Volunteers	Other Restricted	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Contributions	2,859,138	12,968,485	1,679,000	268,520	100	-	17,775,243
Net investment and other income (note 10)	1,871,255	2,811	-	-	-	-	1,874,066
Contributions in kind	200,825	45,000	-	-	-	-	245,825
	<u>4,931,218</u>	<u>13,016,296</u>	<u>1,679,000</u>	<u>268,520</u>	<u>100</u>	<u>-</u>	<u>19,895,134</u>
Expenses							
Program	4,166,866	18,777,047	2,655,333	5,434,933	105,114	-	31,139,293
General and administrative	1,980,024	107,198	11,528	38,316	2,104	-	2,139,170
Salaries and benefits	2,662,460	794,104	286,838	516,349	64,586	-	4,324,337
In kind	200,825	45,000	-	-	-	-	245,825
	<u>9,010,175</u>	<u>19,723,349</u>	<u>2,953,699</u>	<u>5,989,598</u>	<u>171,804</u>	<u>-</u>	<u>37,848,625</u>
Deficiency of revenue over expenses for the year	<u>(4,078,957)</u>	<u>(6,707,053)</u>	<u>(1,274,699)</u>	<u>(5,721,078)</u>	<u>(171,704)</u>	<u>-</u>	<u>(17,953,491)</u>

2010 Legacies Now Society
Consolidated Statement of Cash Flows
For the year ended June 30, 2010

	2010	2009
	\$	\$
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	(12,489,573)	(17,953,491)
Items not affecting cash		
Amortization	591,220	656,320
(Gain) loss on sale of property and equipment	(440)	1,264
Gain on sale of short-term investments	(196,529)	-
	<u>(12,095,322)</u>	<u>(17,295,907)</u>
Changes in non-cash working capital items		
Accounts receivable	3,758,768	775,813
Prepaid expenses and deposits	43,458	(57,322)
Accounts payable and accrued liabilities	(2,772,836)	385,803
	<u>1,029,390</u>	<u>1,104,294</u>
	<u>(11,065,932)</u>	<u>(16,191,613)</u>
Cash flows from investing activities		
Purchase of property and equipment	(19,770)	(22,854)
Proceeds from sale of property and equipment	440	700
Purchase of website development costs	(179,220)	(600,755)
Repayment of note receivable	-	20,000
Proceeds on sale of short-term investments	16,000,000	21,500,000
Purchase of short-term investments	(1,491,394)	(1,952,441)
	<u>14,310,056</u>	<u>18,944,650</u>
Increase in cash and cash equivalents	3,244,124	2,753,037
Cash and cash equivalents - Beginning of year	<u>5,572,140</u>	<u>2,819,103</u>
Cash and cash equivalents - End of year	<u>8,816,264</u>	<u>5,572,140</u>

2010 Legacies Now Society

Notes to Consolidated Financial Statements

June 30, 2010

1 Organization

These consolidated financial statements include the accounts of 2010 Legacies Now Society and Legacies in Action Society.

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 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 to work in partnership with community organizations, non-government organizations, the private sector and all levels of government to develop sustainable legacies in sport and recreation, healthy living, the arts, literacy, volunteerism and accessibility in communities throughout British Columbia.

Moving beyond the 2010 Games, the Society is evolving into a venture philanthropy organization where it will accelerate growth in carefully selected not-for-profit organizations to create measurable social change in the areas of sport and healthy living and literacy and lifelong learning. As part of this evolution, the Society is transitioning many of its existing programs to partner organizations that will continue to manage the programs as legacies of the 2010 Games.

To this point, the Society has received the majority of its funding from the Province of British Columbia; however, it will now work to diversify and expand its revenue streams.

Legacies In Action Society (the Charity) is a not-for-profit organization incorporated on May 20, 2008 under the British Columbia Society Act. It was registered as a charitable organization effective July 1, 2008 under the Income Tax Act and is exempt from income taxes.

The Charity benefits the community and advances education by providing grants for arts, literacy, inclusion and sustainability programs, as well as promoting volunteerism for the benefit of the community at large.

2 Significant accounting policies

Basis of accounting

These consolidated financial statements include the accounts of the Society and the Charity, which is controlled by the Society's Board of Directors. Transactions and balances between these organizations have been eliminated.

2010 Legacies Now Society

Notes to Consolidated Financial Statements

June 30, 2010

Fund accounting

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

The General Fund reflects the Society's administrative activities and contributions and program expenses other than those allocated to the restricted funds. At the time contributions to the Society are recorded, any amounts included in those contributions that 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 that may be used in those activities, the Society's policy is to allocate 12% of the total contribution to the General Fund.

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

- a) 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.
- b) Arts Now - on projects that will strengthen and enhance the creative capacity of individuals, organizations and communities throughout British Columbia.
- c) 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.
- d) 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.
- e) 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 collectability 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 to which the funding relates.

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.

2010 Legacies Now Society

Notes to Consolidated Financial Statements

June 30, 2010

Net investment and other income is recognized as revenue when earned. It reflects gains and losses on sale of investments and any write downs of investments to market value that are considered other than temporary.

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 deposits redeemable within 90 days.

Property and equipment

Property and equipment are recorded at cost, less accumulated 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.

Website development costs

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

Use of estimates

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. Actual results could differ from those estimates.

2010 Legacies Now Society

Notes to Consolidated Financial Statements

June 30, 2010

Financial instruments

The Society applies the provisions of Section 3855, *Financial Instruments - Recognition and Measurement*, and Section 3861, *Financial Instruments - Disclosure and Presentation*, of the Canadian Institute of Chartered Accountants (CICA) Handbook, as they apply to not-for-profit organizations.

The standards require that all financial assets and liabilities be measured at fair value with the exception of investments held to maturity, loans and receivables and other liabilities that are measured at amortized cost using the effective interest rate method. The Society has designated short-term investments as available-for-sale; cash and cash equivalents, accounts receivable and notes receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

3 Adoption of new accounting standards

In November 2008, the CICA issued amendments to several of the existing sections contained in the 4400 series of the CICA Handbook. These amendments relate to accounting, measurement and financial reporting by not-for-profit organizations. The Society has adopted these recommendations, which had no material impact on these financial statements.

On July 1, 2009, the Society adopted the amendments to CICA Handbook Section 1000, *Financial Statement Concepts*. This amended standard clarified that items that do not meet the definition of an asset or a liability may not be recognized as such in the financial statements. The adoption of this standard has no impact on the financial statements of the Society.

4 Future accounting changes

In September 2010, the Accounting Standards Board (AcSB) approved, subject to written ballot, an exposure draft for private not-for-profit organizations which had been issued in March 2010. Based on the provisions of the exposure draft, private not-for-profit organizations will be required to adopt either Part I (International Financial Reporting Standards or IFRS) of the CICA Handbook Accounting (Handbook) or Part III of the Handbook, for fiscal years beginning on or after January 1, 2012. The final standards are expected to be released in December 2010 and early adoption will be permitted.

Initially Part III will comprise:

- the existing standards dealing with the unique circumstances of not-for-profit organizations, currently in the 4400 series of standards in Part V of the Handbook;
- the additional standards and amendments proposed in this Exposure Draft; and
- the new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to not-for-profit organizations.

2010 Legacies Now Society
Notes to Consolidated Financial Statements
June 30, 2010

5 Cash and cash equivalents

	2010	2009
	\$	\$
Cash	8,718,319	5,424,813
Term deposit	97,945	147,327
	<u>8,816,264</u>	<u>5,572,140</u>

The Society has contracted with a supplier to maintain the term deposit at a minimum amount of \$97,945.

6 Short-term investments

The fair values of these investments are as follows:

	2010	2009
	\$	\$
Money market funds	3,882,370	9,846,310
Short-term bonds	23,896,022	32,056,366
	<u>27,778,392</u>	<u>41,902,676</u>

At year-end, the market value of these investments exceeded their cost by \$378,494 (2009 - \$190,700). The increase in value at June 30, 2010 has been reflected in the unrestricted fund balance as accumulated unrealized gain on short-term investments.

7 Notes receivable

	2010	2009
	\$	\$
Note, without security, bearing interest at 3% per annum payable annually. The principal is due on July 25, 2010.	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Less: Current portion	100,000	-
	<u>-</u>	<u>100,000</u>

2010 Legacies Now Society
Notes to Consolidated Financial Statements
June 30, 2010

8 Property and equipment

	2010		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Office furniture and equipment	422,001	218,761	203,240
Computer hardware	346,124	249,216	96,908
Computer software	599,124	522,047	77,077
Leasehold improvements	340,451	303,772	36,679
	1,707,700	1,293,796	413,904
			2009
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Office furniture and equipment	422,004	170,478	251,526
Computer hardware	351,565	234,384	117,181
Computer software	599,125	486,206	112,919
Leasehold improvements	340,452	196,105	144,347
	1,713,146	1,087,173	625,973

9 Website development costs

	2010		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Website development	1,524,181	1,078,680	445,501
			2009
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Website development	1,344,960	719,299	625,661

2010 Legacies Now Society
Notes to Consolidated Financial Statements
June 30, 2010

10 Net investment and other income

	2010 \$	2009 \$
Investment income	1,432,537	1,875,330
Gain on sale of short-term investments	196,529	-
	<hr/>	<hr/>
Net investment income	1,629,066	1,875,330
Gain (loss) on disposal of property and equipment	440	(1,264)
	<hr/>	<hr/>
	<u>1,629,506</u>	<u>1,874,066</u>

11 Commitments

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

	\$
2011	444,686
2012	237,889

12 Interfund transfers

	2010						
	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	Total \$
Transfers for website development	100,610	(96,387)	(4,223)	-	-	-	-
Shared program transfers	(199,040)	25,000	-	-	174,040	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(98,430)</u>	<u>(71,387)</u>	<u>(4,223)</u>	<u>-</u>	<u>174,040</u>	<u>-</u>	<u>-</u>

2010 Legacies Now Society
Notes to Consolidated Financial Statements
June 30, 2010

	2009						
	General \$	Sport and Recreation Now \$	Arts Now \$	Literacy Now \$	Volunteers Now \$	Other Restricted \$	Total \$
Transfers for website development	386,483	(358,115)	-	-	(28,368)	-	-
Transfers for purchase of property and equipment	2,762	(2,762)	-	-	-	-	-
Shared program transfers	(1,472,574)	(575,628)	899,331	948,800	200,071	-	-
	(1,083,329)	(936,505)	899,331	948,800	171,703	-	-

The various funds contribute to website 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.

13 Financial instruments

Fair values

The Society has various financial instruments including cash and cash equivalents, short-term investments, accounts receivable, notes receivable, and accounts payable and accrued liabilities. Short-term investments are reported at their fair market values. Cash and cash equivalents, accounts receivable, notes receivable, and accounts payable and accrued liabilities are reported at amortized cost. The Society estimates that the carrying values of cash and cash equivalents, 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 they generate, varies as market interest rates vary. All other financial instruments are non-interest bearing.

Credit risk

Balances receivable are due primarily from government organizations and reputable organizations. The Society does not consider these balances to pose a significant credit risk.

2010 Legacies Now Society

Notes to Consolidated Financial Statements

June 30, 2010

14 Capital

The Society defines its capital as the amounts included in fund balances.

The Society's objectives when managing its capital are to safeguard its assets, and its ability to continue as a going concern, while ensuring sufficient funding is available to support anticipated capital expenditures and ensuring it can continue to fulfill its mission as set out in note 1.

The Society has certain external restrictions on the use of its fund balances, as described in note 2. The Society has internal control processes in place to ensure that the restrictions are met prior to the utilization of these resources and the Society has been in compliance with these restrictions throughout the year.

15 Legacies In Action Society

Included in these financial statements are the balance sheet accounts and results of operations of Legacies In Action Society (the Charity). In summary, these financial statements are as follows:

	2010	2009
	\$	\$
Balance Sheet		
Assets	23,939	333,825
Liabilities	10,000	-
Fund balances	13,939	333,825
Statement of Earnings		
Revenue	23,550	1,060,500
Expenses	343,436	726,675

16 Trust assets and obligations

These financial statements do not include assets of \$1,867,950 (2009 - \$2,463,945) that the Society holds in trust or the corresponding trust obligations.