

**BC SOCIETY FOR THE DISTRIBUTION
OF GAMING REVENUE TO CHARITIES**

FINANCIAL STATEMENTS

MARCH 31, 2001



Report of the Auditor General of British Columbia

*To the Trustees of the BC Society for the Distribution
of Gaming Revenue to Charities, and*

*To the Minister of Public Safety and Solicitor General,
Province of British Columbia:*

I have audited the balance sheet of the *BC Society for the Distribution of Gaming Revenue to Charities* as at March 31, 2001 and the statements of operations and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the *BC Society for the Distribution of Gaming Revenue to Charities* as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia
June 15, 2001*

Wayne Strelloff, CA
Auditor General

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

BALANCE SHEET

MARCH 31	<u>2001</u> (\$000)	<u>2000</u> (\$000)
ASSETS		
CURRENT ASSETS		
Cash	3,908	3,657
Accounts receivable	-	12
Accrued interest	17	10
	<u>3,925</u>	<u>3,679</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>3,353</u>	<u>3,297</u>
	3,353	3,297
NET ASSETS	<u>572</u>	<u>382</u>
	<u>3,925</u>	<u>3,679</u>

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Trustees:

C. Hoel
Trustee

D. G. Hunking
Trustee

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2001	<u>2001</u>	<u>2000</u>
	(\$000)	(\$000)
REVENUES		
Contributions from the Province of British Columbia	96,250	86,348
Interest	125	107
	<hr/>	<hr/>
	96,375	86,455
EXPENDITURES		
Contributions to eligible charities (note 3)	96,178	86,128
Other	7	26
	<hr/>	<hr/>
	96,185	86,154
EXCESS OF REVENUES OVER EXPENDITURES	190	301
NET ASSETS, BEGINNING OF PERIOD	382	81
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NET ASSETS, END OF PERIOD	572	382
	<hr/>	<hr/>

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BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2001	<u>2001</u> (\$000)	<u>2000</u> (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions from the Province of British Columbia	96,250	80,526
Interest received	118	126
	<u>96,368</u>	<u>80,652</u>
CASH FLOWS USED IN OPERATING ACTIVITIES		
Contributions paid to eligible charities	96,116	85,807
Operating expenses paid	1	16
	<u>96,117</u>	<u>85,823</u>
NET (DECREASE) INCREASE IN CASH POSITION FOR THE YEAR	251	(5,171)
CASH POSITION AT THE BEGINNING OF THE YEAR	<u>3,657</u>	<u>8,828</u>
CASH POSITION AT THE END OF THE YEAR	<u>3,908</u>	<u>3,657</u>

The accompanying notes are an integral part of these financial statements.

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001

1. PURPOSE OF ORGANIZATION

BC Society for the Distribution of Gaming Revenue to Charities (the Society) was incorporated under the Society Act on July 10, 1998. The purpose of the Society is to distribute contributions from the Province of British Columbia to eligible charitable and religious organizations. The contributions from the Province, which are paid through the British Columbia Gaming Commission (BCGC), are meant to provide direct funding (contributions) to eligible charitable and religious organizations and to supplement charity funding derived from licensed bingo gaming. The BCGC determines eligibility and amounts to be distributed. These contributions form part of the revenues received by charities from gaming activity. Contributions received by charitable and religious organizations from the British Columbia Gaming Commission are governed by a Trust Agreement dated July 20, 1998, and must be administered and distributed to eligible charities and religious organizations in accordance with the terms of this agreement.

It was originally intended that the Trust Agreement would terminate when all funds payable under the terms of the Trust had been distributed or gaming legislation had been enacted, or at the end of two years (July 19, 2000), whichever occurred first. However, the Trust was extended for one more year until July 20, 2001.

2. SIGNIFICANT ACCOUNTING POLICIES

The Society follows generally accepted accounting principles.

a) Revenue recognition

Contributions from the Province of British Columbia to the Society are recognized as revenue in the fiscal year in which related contributions to eligible charities are approved for funding. Contributions to meet payments to eligible charitable and religious organizations for future years are recognized as deferred contributions.

b) Contributions to eligible charitable and religious organizations

Contributions to eligible charitable and religious organizations are recognized as expenditures when payments are approved.

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of accounts receivable and accounts payable at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

3. PROCEEDS FROM GAMING BY SOURCE

The government committed to provide eligible charitable and religious organizations a minimum of \$127.7 million dollars in fiscal 2000/01 from bingo and casino revenue. In fiscal 2000/01, payments were made to eligible charities from the following sources:

	<u>2001</u> (\$000)	<u>2000</u> (\$000)
BC Society for the Distribution of Gaming Revenue to Charities:		
Contributions to licensed bingo charities	38,178	31,146
Direct access contributions	58,000	54,982
	<u>96,178</u>	<u>86,128</u>
Other sources:		
Directly from licensed bingo events	32,389	39,926
	<u>32,389</u>	<u>39,926</u>
Total paid to eligible charitable and religious organizations from the Society, licensed bingo and casino events	<u>128,567</u>	<u>126,054</u>

BC SOCIETY FOR THE DISTRIBUTION OF GAMING REVENUE TO CHARITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001

4. RELATED PARTY TRANSACTIONS

The Province of British Columbia, represented by the Gaming Policy Secretariat, donated the services and expertise necessary to establish the Society. Staff of the British Columbia Gaming Commission and the Gaming Policy Secretariat share responsibility with the Board of Trustees of the Society for the administration of the Trust Agreement. The staff salaries and benefits, systems, facilities and advisory services required to administer the Trust Agreement are paid by the government.