

Financial Statements of

**BC GAMES SOCIETY**

Year ended March 31, 2020

# BC GAMES SOCIETY

## Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities, in part, through the Audit Committee. The Finance Committee and Board of Directors review internal financial statements quarterly and external audited financial statements annually. Management reviews internal financial statements monthly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Dusanj & Wirk Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of BC Games Society and meet with the Audit Committee at least annually. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of BC Games Society



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Alison Noble  
President and Chief Executive Officer

## INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors of BC Games Society  
The Minister of Tourism, Arts & Culture**

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of BC Games Society (the "Society"), which comprise the statement of financial position as at March 31, 2020 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2020 and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020 and the results of its operations and changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Victoria, B.C.  
May 13, 2020

*Dusanj & Wirk*

Chartered Professional Accountants

# BC GAMES SOCIETY

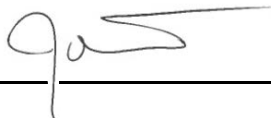
## Statement of Financial Position

March 31, 2020, with comparative figures as at March 31, 2019

|  |           | 2020       | 2019         |
|--|-----------|------------|--------------|
| <b>Financial assets</b>                  |           |            |              |
| Cash and cash equivalents                |           | \$ 477,539 | \$ (76,497)  |
| Short term investments                   | (Note 3)  | 300,000    | 1,100,000    |
| Accounts receivable                      |           | 166,407    | 88,590       |
| Due from government organizations        | (Note 4)  | 46,350     | 9,872        |
|  |           | 990,296    | 1,121,965    |
| <b>Liabilities</b>                       |           |            |              |
| Accounts payable and accrued liabilities | (Note 5)  | 487,926    | 97,977       |
| Deferred contributions                   | (Note 8)  | 21,000     | -            |
|  |           | 508,926    | 97,977       |
| <b>Net financial assets</b>              |           | 481,370    | 1,023,988    |
| <b>Non-financial assets</b>              |           |            |              |
| Tangible capital assets                  | (Note 6)  | 148,322    | 126,006      |
| Inventories held for use                 |           | -          | 1,360        |
| Prepaid expenses                         |           | 2,500      | 5,669        |
|  |           | 150,822    | 133,035      |
| <b>Accumulated surplus</b>               | (Note 7)  | \$ 632,192 | \$ 1,157,023 |
| Contractual obligations                  | (Note 12) |            |              |
| Subsequent events                        | (Note 14) |            |              |

See accompanying notes to financial statements.

APPROVED BY THE BOARD



# BC GAMES SOCIETY

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative figures for 2019

|   | Budget<br>(Note 2(k)) | 2020         | 2019         |
|---|-----------------------|--------------|--------------|
| <b>Revenue:</b>   |                       |              |              |
| Province of British Columbia grants                                   | \$ 2,012,500          | \$ 2,012,500 | \$ 2,012,500 |
| ViaSport contribution for Team BC                                     | 250,000               | 112,048      | 465,795      |
| Athlete registration  | 175,000               | 164,503      | 391,016      |
| Surplus recoveries (Note 10)  | 107,087               | 111,287      | 53,401       |
| Provincial Sport Organization funding for<br>Team BC Funding partners | 80,000                | 79,418       | 60,000       |
| BC Senior Games Service Agreement                                     |                       |              | -            |
| Powering Potential Fund grants (Note 11)                              | 55,000                | 65,000       | 73,069       |
| Interest earned   | 17,600                | 28,467       | 26,098       |
| Other revenue   | 352                   | 385          | 3,766        |
| Contractual revenues  | 45,000                | 45,000       | -            |
|   | 2,742,539             | 2,618,608    | 3,085,645    |
| <b>Expenses:</b> (Note 11)  |                       |              |              |
| General operating costs   | 1,637,700             | 1,639,796    | 1,682,006    |
| Games operating costs   | 1,354,800             | 1,113,643    | 944,013      |
| Operating grants  | 495,000               | 390,000      | 441,500      |
|   | 3,487,500             | 3,143,439    | 3,067,519    |
| <b>Annual surplus (deficit)</b>                                       | (744,961)             | (524,831)    | 18,126       |
| Accumulated surplus, beginning of year                                | 1,157,023             | 1,157,023    | 1,138,897    |
| <b>Accumulated surplus, end of year</b>                               | \$ 412,062            | \$ 632,192   | \$ 1,157,023 |

See accompanying notes to financial statements.

# BC GAMES SOCIETY

## Statement of Changes in Net Financial Assets

Year ended March 31, 2020, with comparative figures for 2019

|   | Budget<br>(Note 2(k)) | 2020         | 2019         |
|---|-----------------------|--------------|--------------|
| Annual surplus (deficit)                    | \$ (744,961)          | \$ (524,831) | \$ 18,126    |
| Acquisition of tangible capital assets      | (18,000)              | (61,270)     | (42,772)     |
| Amortization of tangible capital assets     | 40,000                | 38,954       | 36,072       |
|   | 22,000                | (22,316)     | (6,700)      |
| Acquisition of inventories held for use     | -                     | -            | -            |
| Acquisition of prepaid expenses             | -                     | (4,684)      | (12,081)     |
| Consumption of inventories held for use     | -                     | 1,360        | 2,880        |
| Use of prepaid expenses                     | -                     | 7,853        | 22,547       |
|   | -                     | 4,529        | 13,346       |
| Increase (decrease) in net financial assets | (722,961)             | (542,618)    | 24,772       |
| Net financial assets, beginning of year     | 1,023,988             | 1,023,988    | 999,216      |
| Net financial assets, end of year           | \$ 301,027            | \$ 481,370   | \$ 1,023,988 |

See accompanying notes to financial statements.

# BC GAMES SOCIETY

## Statement of Cash Flows

Year ended March 31, 2020, with comparative figures for 2019

|  | 2020              | 2019               |
|--|-------------------|--------------------|
| Cash provided by (used in):  |                   |                    |
| <b>Operating activities:</b>                                       |                   |                    |
| Annual surplus (deficit)   | \$ (524,831)      | \$ 18,126          |
| Items not involving cash:  |                   |                    |
| Amortization of tangible capital assets                            | 38,954            | 36,072             |
| Change in non-cash operating working capital:                      |                   |                    |
| Decrease (increase) in accounts receivable                         | (77,817)          | 131,148            |
| Decrease (increase) in due from government organizations           | (36,478)          | 3,380              |
| Decrease (increase) in inventories held for use                    | 1,360             | 2,880              |
| Decrease (increase) in prepaid expenses                            | 3,169             | 10,466             |
| Increase (decrease) in accounts payable<br>and accrued liabilities | 389,949           | (350,045)          |
| Increase (decrease) in deferred contributions                      | 21,000            | -                  |
| <b>Net change in cash from operating activities</b>                | <b>(184,694)</b>  | <b>(147,973)</b>   |
| <b>Capital activities:</b>   |                   |                    |
| Cash used to acquire tangible capital assets                       | (61,270)          | (42,772)           |
| <b>Net change in cash from capital activities</b>                  | <b>(61,270)</b>   | <b>(42,772)</b>    |
| <b>Investing activities:</b>                                       |                   |                    |
| Decrease (increase) in short term investments                      | 800,000           | (93,399)           |
| <b>Net change in cash from investing activities</b>                | <b>800,000</b>    | <b>(93,399)</b>    |
| <b>Net change in cash and cash equivalents</b>                     | <b>554,036</b>    | <b>(284,144)</b>   |
| Cash and cash equivalents, beginning of year                       | (76,497)          | 207,647            |
| <b>Cash and cash equivalents, end of year</b>                      | <b>\$ 477,539</b> | <b>\$ (76,497)</b> |

See accompanying notes to financial statements.



# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

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### 1. Nature of operations

The Society is incorporated under the Societies Act of British Columbia. Currently, the purpose of the Society is to provide event management leadership to achieve sport, individual and community development and to manage the operations of Team BC, which is a team of athletes, coaches, managers, and mission staff that is assembled by the Province of British Columbia to represent the province at Canada's various multi-sport events.

Approximately 77% of the Society's annual revenues are received from the Province of British Columbia with the remainder generated from corporate sponsors, contributions from other societies, surpluses from host societies, athlete registration fees, contract service and interest.

The BC Winter Games and the BC Summer Games are planned and operated by societies incorporated in the host community for each event. These financial statements do not reflect the revenues and expenditures of the local societies.

BC Games Society is exempt from income taxes under the Income Tax Act.

### 2. Summary of significant accounting policies

The term "Society" is used to mean the BC Games Society.

#### (a) Basis of accounting

The accompanying financial statements are prepared in accordance with Public Sector Accounting Board standards of the Chartered Professional Accountants of Canada without any elections to follow standards for government not-for-profit organizations.

#### (b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with a term to maturity of three months or less at acquisition. These investments are held for the purpose of meeting short term cash commitments rather than investing.

#### (c) Short term investments

Short term investments include investments with maturities that are capable of prompt liquidation and are cashable on demand.

#### (d) Financial instruments

The Society's financial instruments include cash and cash equivalents, short term investments, accounts receivable, amounts due from government organizations, accounts payable and accrued liabilities.

All financial instruments are measured at amortized cost using the effective interest method. Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when these financial instruments are derecognized due to disposal or are impaired. Transaction costs related to the acquisition of these financial instruments are included in the cost of the related instruments.

# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

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### 2. Summary of significant accounting policies (continued)

#### (d) Financial instruments (continued)

The Society does not have any financial instruments, such as portfolio investments that are quoted in an active market or derivative instruments, which are valued at fair value, and therefore, no Statement of Remeasurement of Gains and Losses has been included.

#### (e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

##### (i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives, as follows:

| Asset  | Basis         | Rate                          |
|--|---------------|-------------------------------|
| Computers and application software                 | Straight Line | 3 – 5 Years                   |
| Registration software and computer cabling         | Straight Line | 5 Years                       |
| Bedding, torch, flags and signs for host societies | Straight Line | 12 years                      |
| Furniture and equipment                            | Straight Line | 10 years                      |
| Leaseholds   | Straight Line | over the term<br>of the lease |

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Tangible capital assets are written down when conditions indicate that they no longer contribute to the Society's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

##### (ii) Works of art, historic assets, and intangibles

Works of art, historic assets, intangible assets and items that have been purchased, developed, or inherited in right of the Crown are not recorded as assets in these financial statements.

##### (iii) Inventories held for use

Inventories held for use are recorded at the lower of cost and replacement cost.

Cost includes the original purchase cost, plus shipping and applicable duties. Replacement cost is the estimated current price to replace the items.

# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

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### 2. Summary of significant accounting policies (continued)

#### (f) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred and gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations and Accumulated Surplus as the stipulated liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the Statement of Financial Position.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service is performed.

Donated or discounted goods and services are recorded at fair value.

Receipt of surplus from Summer and Winter Games Societies are recorded at the earlier of cash receipt and final determination of the amount of the surplus.

Investment income includes interest recorded on an accrual basis, realized gains and losses on the sale of investments, and write-downs on investments where the loss in value is determined to be other-than-temporary.

#### (g) Provincial contributions

The financial statements do not reflect certain administrative expenses incurred and paid directly by the Province of British Columbia in the delivery of the games.

#### (h) Legacy Funds – host communities

Host communities retain 100% of profits from souvenir sales and 50% of their operating surplus, if any, and all interest earned as part of their legacy fund.

#### (i) Grants to host societies

Grants to host societies are recorded as an expense when disbursement of funds has been authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made.

# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

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### 2. Summary of significant accounting policies (continued)

(j) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Key areas where management has made estimates and assumptions include those related to the useful life of tangible capital assets and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(k) Budget figures

Annual budget figures are determined by the Society's CEO based on approved funding available, as well as the geographical location of the Society's upcoming games to reflect travel and accommodation expenses for staff and athletes. The Society's budget for fiscal year 2020 was initially approved by the Board of Directors in January 2016 as part of a three-year budget plan and again in January 2020 when the budget was revised. This revised budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Assets.

### 3. Short term investments

Short term investments consist of a one-year Guaranteed Investment Certificate (GIC) of \$300,000 (2019 - \$1,100,000), which earns interest at 2.00% (2019 - 2.00-2.30%) and has a maturity date of July 29, 2020. The GIC is redeemable after 30 days without penalty.

### 4. Due from other government organizations

The amount due from other government organizations pertains to Goods and Services Taxes (GST) which has been paid on the Society's purchases and expenses, net of GST collected from athlete registration revenue.

### 5. Accounts payable and accrued liabilities

|                                | 2020              | 2019             |
|--------------------------------|-------------------|------------------|
| Trade accounts payable         | \$ 165            | \$ 1,874         |
| Salaries and benefits payable  | 17,100            | 8,751            |
| Accrued vacation pay           | 33,585            | 16,530           |
| Accrued operating grant        | -                 | 30,000           |
| Accrued contribution (note 11) | 400,000           | -                |
| Other accrued liabilities      | 37,076            | 40,822           |
|                                | <u>\$ 487,926</u> | <u>\$ 97,977</u> |

# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

### 6. Tangible capital assets

|                                 | Registration software | Computers | Bedding, torch, flags and signs for host societies | Furniture and equipment | Leasehold improvements | 2020 Total |
|---------------------------------|-----------------------|-----------|--|-------------------------|------------------------|------------|
| <b>Cost</b>                     |                       |           |  |                         |                        |            |
| Opening balance                 | \$425,223             | \$73,052  | \$258,357  | \$64,174                | \$21,444               | \$842,250  |
| Additions                       | 25,091                | 21,687    | 1,000  | 5,992                   | 7,500                  | 61,270     |
| Disposals                       | -                     | (1,183)   | -  | -                       | -                      | (1,183)    |
| Closing balance                 | 450,314               | 93,556    | 259,357  | 70,166                  | 28,944                 | 902,337    |
| <b>Accumulated amortization</b> |                       |           |  |                         |                        |            |
| Opening balance                 | 395,057               | 64,732    | 184,907  | 50,104                  | 21,444                 | 716,244    |
| Amortization                    | 13,811                | 7,950     | 12,984   | 3,459                   | 750                    | 38,954     |
| Disposals                       | -                     | (1,183)   | -  | -                       | -                      | (1,183)    |
| Closing balance                 | 408,868               | 71,499    | 197,891  | 53,563                  | 22,194                 | 754,015    |
| Net book value                  | \$41,446              | \$22,057  | \$61,466   | \$16,603                | \$6,750                | \$148,322  |

Bedding, torch, flags and signs for host societies includes \$6,903 (cost of \$12,745, net of accumulated amortization of \$5,842) of flags and signs for Team BC.

|                                 | Registration software | Computers | Bedding, torch, flags and signs for host societies | Furniture and equipment | Leasehold improvements | 2019 Total |
|---------------------------------|-----------------------|-----------|--|-------------------------|------------------------|------------|
| <b>Cost</b>                     |                       |           |  |                         |                        |            |
| Opening balance                 | \$415,474             | \$69,239  | \$229,985  | \$64,174                | \$21,444               | \$800,316  |
| Additions                       | 9,749                 | 4,651     | 28,372   | -                       | -                      | 42,772     |
| Disposals                       | -                     | (838)     | -  | -                       | -                      | (838)      |
| Closing balance                 | 425,223               | 73,052    | 258,357  | 64,174                  | 21,444                 | 842,250    |
| <b>Accumulated amortization</b> |                       |           |  |                         |                        |            |
| Opening balance                 | 380,572               | 59,519    | 172,533  | 46,942                  | 21,444                 | 681,010    |
| Amortization                    | 14,485                | 6,051     | 12,374   | 3,162                   | -                      | 36,072     |
| Disposals                       | -                     | (838)     | -  | -                       | -                      | (838)      |
| Closing balance                 | 395,057               | 64,732    | 184,907  | 50,104                  | 21,444                 | 716,244    |
| Net book value                  | \$30,166              | \$8,320   | \$73,450   | \$14,070                | - \$                   | \$126,006  |

Bedding, torch, flags and signs for host societies includes \$7,966 (cost of \$12,745, net of accumulated amortization of \$4,779) of flags and signs for Team BC.

# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

### 7. Accumulated surplus

|                                       | 2020              | 2019                |
|---------------------------------------|-------------------|---------------------|
| Investment in tangible capital assets | \$ 148,322        | \$ 126,006          |
| Operating surplus                     | 483,870           | 231,017             |
| Internally restricted surplus         | -                 | 800,000             |
|                                       | <u>\$ 632,192</u> | <u>\$ 1,157,023</u> |

The Board has released the previously internally restricted \$800,000 surplus for transportation costs to the Fort St. John 2020 BC Winter Games to the operating surplus.

### 8. Deferred contributions

Deferred contributions are comprised of funds restricted for the Niagara Canada Summer Games in August 2021.

|  | 2020             | 2019        |
|--|------------------|-------------|
| Balance, beginning of year                     | \$ -             | \$ -        |
| Contributions received during the year         | 21,000           | -           |
| Revenue recognized from deferred contributions | -                | -           |
| Balance, end of year                           | <u>\$ 21,000</u> | <u>\$ -</u> |

### 9. Financial risk management

The Society has exposure to the following risks from its use of financial instruments: interest rate risk, liquidity risk and other price risk.

The Board of Directors ensures that the Society has identified its major risks and ensures that management monitors and controls them.

It is management's opinion that there have been no changes to the Society's risk exposures from the previous fiscal year.

#### (a) Interest risk

Interest rate risk is the risk that the rate of return and future cash flows on the Society's GIC investments will fluctuate because of changes in market interest rates. The Society is not exposed to significant interest rate risk relating to its financial assets and liabilities.

# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

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### 9. Financial risk management (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society enters into transactions to purchase goods and services on credit. Liquidity risk is measured by reviewing the Society's future net cash flows for the possibility of a negative net cash flow. The Society manages the liquidity risk resulting from its accounts payable obligations by maintaining significant cash resources and investing in liquid investments.

#### (c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Price risk is managed by holding investments to maturity.

#### (d) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term investments, accounts receivable, amounts due from government organizations, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments.

### 10. Surplus from host societies

Surplus from the host societies is comprised of:

|                                    | 2020              | 2019             |
|------------------------------------|-------------------|------------------|
| Cowichan 2018 Summer Games Society | \$ 107,087        | \$ -             |
| Kamloops 2018 Winter Games Society | 4,200             | 53,401           |
|                                    | <u>\$ 111,287</u> | <u>\$ 53,401</u> |

# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

### 11. Expenses by object

The following is a summary of expenses by object:

|                                 | 2020                | 2019                |
|---------------------------------|---------------------|---------------------|
| Advertising and promotions      | \$ 16,139           | \$ 41,124           |
| Amortization                    | 38,954              | 36,072              |
| Computer maintenance            | 12,507              | 9,398               |
| Contributions                   | 400,000             | 578                 |
| Games operating costs           | 1,113,643           | 944,013             |
| Insurance, leases and utilities | 161,173             | 142,424             |
| Office and business expenses    | 90,128              | 83,580              |
| Operating grants                | 390,000             | 441,500             |
| Professional services           | 51,850              | 39,703              |
| Salaries and employee benefits  | 672,301             | 769,105             |
| Team BC operating costs         | 111,515             | 465,795             |
| Travel and accommodation        | 85,229              | 94,227              |
|                                 | <u>\$ 3,143,439</u> | <u>\$ 3,067,519</u> |

Contributions are made to the Powering Potential Fund (PPF) which is registered with the National Sport Trust Fund. The purpose of the PPF is to provide bursaries to BC Games and Team BC athletes, and to fund purchases of equipment required by host communities of the BC Winter Games and the BC Summer Games. Grants received from the PPF are recognized as revenue in the Statement of Operations and Accumulated Surplus. Bursaries and host community equipment purchases funded by the PPF are included in games operating costs.

### 12. Contractual obligations

The Society has commitments arising from contractual agreements for office equipment, employment services, and a lease for office premises. The Society is responsible for all operating costs associated with the property lease. These operating costs totalled \$43,117 in 2020 (2019 - \$37,849) and are included in the amounts reported below. The Society is also committed to provide funding to host societies for staging of future games events:

|                                      | 2021              | 2022              | 2023              | 2024              | 2025              |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General commitments                  | \$ 243,632        | \$ 157,013        | \$ 125,733        | \$ 4,908          | \$ 614            |
| Anticipated host society commitments | 50,000            | 475,000           | 450,000           | 475,000           | 450,000           |
|                                      | <u>\$ 293,632</u> | <u>\$ 632,013</u> | <u>\$ 575,733</u> | <u>\$ 479,908</u> | <u>\$ 450,614</u> |



# BC GAMES SOCIETY

## Notes to Financial Statements

Year ended March 31, 2020, with comparative figures for 2019

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### **13. Remuneration of employees**

Under the Societies Act, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year, there were six employees who met this criterion and the total amount of remuneration paid to these persons was \$575,389. (During the prior year, there were six employees who met this criterion and the total amount of remuneration paid to these persons was \$516,309.) The Board of Directors receives no remuneration for their services other than reimbursement of expenses.

### **14. Subsequent events**

The global economic impact arising from the Covid-19 pandemic may expose the organization to economic and operational risks in the 2021 fiscal period. The impact on the organization's operations is not readily determinable but management expects the impact to be moderate.