

# Annual Report 2009

# *Uniting rightful owners with their property*

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## Message from the Chair and Executive Director

At the BC Unclaimed Property Society it has always been our goal to reunite British Columbians with their unclaimed funds. We remain committed to providing individuals and organizations with professional, efficient and responsive services as they continue to search for, claim and submit funds.

In 2009, we paid 260 claims -- a 34 per cent increase from the year before. This means \$730,000 has been returned to rightful owners.

Over the years, we have established strong relationships with a variety of organizations that hold unclaimed funds throughout British Columbia. These organizations continue to transfer their unclaimed funds to us and express their appreciation for our services. They see our searchable website as a resource to help them locate owners in a cost-efficient manner.

Here are the initiatives we undertook in 2009 -- to enhance our service:

- An assessment of our existing technology and subsequent plan to upgrade
- New methods to enhance our reporting capabilities
- An evaluation process to hear first-hand from claimants about our service and how it can be improved

We look forward to continuing to provide this valuable service to the people of British Columbia. We are proud of our success in finding rightful owners of unclaimed property, and in assisting companies to return these funds.

The Honorable Donald Brenner  
Chair, Board of Directors

Andria Teather  
Executive Director

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vanouver  
foundation

In 2003 the Province of British Columbia entered into an agreement with Vancouver Foundation to administer the unclaimed property program. The BC Unclaimed Property Society, which is controlled by the Foundation, acts as the administrator under the provincial *Unclaimed Property Act*.



## 2009 Snapshot

Total money returned to people with unclaimed property:	\$730,191
Total properties received from companies and organizations:	3,347
Total money received from companies and organizations:	\$3,526,310
Total amount donated to Vancouver Foundation:	\$4,000,000

Money held by the BC Unclaimed Property Society comes from various sources - forgotten credit union accounts, unpaid wages, overpayment to debt collectors, as well as unclaimed proceeds from courts, tax offices and estates. Here is a breakdown of submissions in 2009:

Estate files - \$1,652,894	Mineral Rights - \$79,697
Securities - \$683,975	Closed Pension Plans - \$65,833
Employment Standards - \$354,922	Overpayment of municipal taxes - \$44,331
Court funds - \$292,431	Overpayment of debt collections - \$24,735
Credit Unions - \$136,341	Companies in Liquidation - \$6,638
Real Estate - \$110,356	Other - \$74,158

Here are a few of the many who were reunited with forgotten property in 2009:

- Karl received \$1,556 from a court case that he had yet to claim
- Charles received \$856 from a former employer
- Alexander, a 78-year old resident of BC, received \$15,133 from a relative's estate

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## Our work with holders of unclaimed property

Much of the money that goes unclaimed by British Columbians sits on company books. We work with these companies to ensure that money is returned to its rightful owner. Here is an example of one business owner we helped ease into retirement.

**Peter Chu, a successful businessman struggling to retire.**

Peter Chu sold his brokerage firm and was ready to retire. While winding down his company, Chu uncovered more than 650 inactive accounts worth \$640,000, mostly obtained through acquisitions of other companies and brokers. He then learnt that he had a legal responsibility to maintain these accounts and report on them monthly. How was he to fully retire if he had to submit monthly paperwork?

Chu tried everything to locate the account holders but it was nearly impossible to find them. Fortunately for Chu, he heard about the BC Unclaimed Property Society. He was able to transfer these forgotten accounts over to the Society and finally retire.



**British Columbia Unclaimed  
Property Society**

Financial Statements  
December 31, 2009

March 4, 2010

## **Auditors' Report**

### **To the Directors of British Columbia Unclaimed Property Society**

We have audited the balance sheet of **British Columbia Unclaimed Property Society** as at December 31, 2009 and the statements of operations and fund balance 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 December 31, 2009 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 Society Act of British Columbia, 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**

# British Columbia Unclaimed Property Society

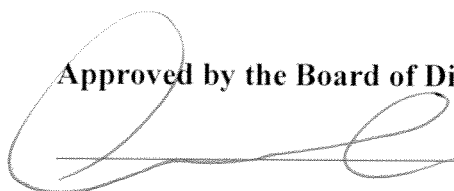
Balance Sheet

As at December 31, 2009

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	2009 \$	2008 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,752,995	2,872,574
Investments (note 3)	11,993,825	12,257,432
Other receivables	8,263	6,123
Prepaid expenses	3,769	3,242
	<hr/> 13,758,852	<hr/> 15,139,371
<b>Capital assets (note 4)</b>	<hr/> 12,982	<hr/> 14,669
	<hr/> <b>13,771,834</b>	<hr/> <b>15,154,040</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<hr/> 28,987	<hr/> 12,505
<b>Unclaimed Funds and Fund Balance</b>		
<b>Unclaimed funds</b>		
Old Unclaimed Property Funds (note 5)	1,098,554	1,417,380
New Unclaimed Property Funds (note 6)	11,392,821	12,370,937
	<hr/> 12,491,375	<hr/> 13,788,317
<b>Fund balance</b>	<hr/> 1,251,472	<hr/> 1,353,218
	<hr/> 13,742,847	<hr/> 15,141,535
	<hr/> <b>13,771,834</b>	<hr/> <b>15,154,040</b>

Approved by the Board of Directors

  
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Director

  
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Director

# British Columbia Unclaimed Property Society

Statement of Operations and Fund Balance

For the year ended December 31, 2009

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	2009	2008
	\$	\$
<b>Revenue</b>		
Investment income (note 3)	342,214	1,107,619
	<hr/>	<hr/>
<b>Expenses</b>		
Accounting and audit	17,910	19,532
Amortization	3,448	4,038
Communications and advertising	54,172	33,459
Computer	2,589	4,248
Consulting	15,689	6,975
Equipment leasing/maintenance	3,770	4,589
Insurance	10,998	11,078
Legal fees	24,974	16,780
Loss on disposal of office equipment	-	1,977
Management fees (note 7)	50,000	50,000
Miscellaneous administration expenses	7,633	12,282
Office supplies, printing and mailing	9,433	3,311
Rent (note 7)	28,509	26,427
Salary and benefits	214,835	191,379
	<hr/>	<hr/>
	443,960	386,075
	<hr/>	<hr/>
<b>Deficiency (excess) of revenue over expenses for the year</b>	(101,746)	721,544
<b>Fund balance - Beginning of year</b>	1,353,218	631,674
	<hr/>	<hr/>
<b>Fund balance - End of year</b>	1,251,472	1,353,218
	<hr/>	<hr/>

# British Columbia Unclaimed Property Society

## Statement of Cash Flows

For the year ended December 31, 2009

	2009 \$	2008 \$
<b>Cash flows from operating activities</b>		
(Deficiency) excess of revenue over expenses for the year	(101,746)	721,544
Adjustments for non-cash items		
Amortization	3,448	4,038
Loss on disposal of capital assets	-	1,977
Loss on investments	61,707	22,401
Unrealized loss (gain) on investments	201,900	(499,275)
	<u>165,309</u>	<u>250,685</u>
Net changes in non-cash working capital balances		
Other receivables	(2,140)	(3,968)
Prepaid expenses	(527)	(375)
Accounts payable and accrued liabilities	16,482	(33,359)
Receipt of new unclaimed funds (note 6)	3,526,541	3,499,326
Payments of old unclaimed funds (note 5)	(318,826)	(92,640)
Payments of new unclaimed funds (note 6)	(504,657)	(141,743)
Transfer to Vancouver Foundation (note 8)	(4,000,000)	(2,000,000)
	<u>(1,117,818)</u>	<u>1,477,926</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(1,761)	(1,165)
Proceeds from disposal of investments	1,864,000	1,433,000
Purchases of investments	(1,864,000)	(1,433,776)
	<u>(1,761)</u>	<u>(1,941)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<u>(1,119,579)</u>	<u>1,475,985</u>
<b>Cash and cash equivalents - Beginning of year</b>	<u>2,872,574</u>	<u>1,396,589</u>
<b>Cash and cash equivalents - End of year</b>	<u>1,752,995</u>	<u>2,872,574</u>

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2009

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## 1 Nature of operations

British Columbia Unclaimed Property Society (the Society) was incorporated on March 3, 2003 under the Society Act of the Province of British Columbia.

The purpose of the Society is to act as the administrator under the Unclaimed Property Act (British Columbia) and Unclaimed Property Amendment Act, 2003 (the Act).

The Society entered into an Administration Agreement with the Province of British Columbia (the Province) and Vancouver Foundation on March 11, 2003 whereby the Province appointed the Society to act as the administrator under the Act. The Society is controlled by Vancouver Foundation through Vancouver Foundation's ability to appoint the directors of the Society. The agreement commenced April 1, 2003 for an initial term of five years and in 2008, the Province renewed the agreement for an indefinite term until either party gives written notice to terminate the agreement with one year's notice.

The Administration Agreement has the following components:

### a) Old Unclaimed Property Funds

Pursuant to the Administration Agreement, the Province transferred \$4,000,000 of unclaimed money held by the Province to the Society to allow the Society to satisfy claims for pre-April 1, 2003 unclaimed funds. At the end of the initial term, any unused funds were to be returned to the Province. If pre-April 1, 2003 claims exceed \$4,000,000, the Province has agreed to be responsible for and provide funds to cover any additional claims (see note 2(a)). In January 2010, the Province agreed that the Society should continue to hold these funds and continue its effort to locate the owners of these funds until further review by the Province.

### b) New Unclaimed Property Funds

Pursuant to the Administration Agreement, the Society manages unclaimed money deposits received after April 1, 2003 under the Act. This includes making reasonable efforts to locate and notify the owner of the funds and maintaining a database of all unclaimed money (see note 2(b)).

## 2 Significant accounting policies

### Unclaimed funds

#### a) Old Unclaimed Property Funds

The Society recorded the money received from the Province as unclaimed funds from the period prior to April 1, 2003 and distributes money for claims against these funds when the claim is established to be valid (see note 5).

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2009

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## b) New Unclaimed Property Funds

The Society records unclaimed money deposits when received from the previous holders and holds them in the New Unclaimed Property Funds. The Society distributes funds from the New Unclaimed Property Funds for a claim when the claim is established as valid (see note 6).

The Society is required by the Administration Agreement to set aside a certain portion of the unclaimed funds it receives to meet any contingent liabilities that might arise in future years. As permitted by the Administration Agreement, the Society may then transfer a prudent portion of remaining unclaimed balances out of the Unclaimed Property Funds to Vancouver Foundation for charitable purposes in British Columbia.

## Cash and cash equivalents

Cash and cash equivalents consist of balances held with banks.

## Financial instruments

All financial assets and liabilities are to be measured at fair value with the exceptions 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 its cash and cash equivalents and investments as held for trading, and its other receivables, and accounts payable and accrued liabilities at amortized cost.

## Investments

Investments consist of federal and provincial government and government guaranteed bonds and debentures and are initially recorded on a trade-date basis at market value. The Society has designated its entire investment portfolio as held for trading and investments are recorded at year-end at fair value, being the quoted bid price.

Investment income includes interest income, and realized and unrealized gains and losses.

## Capital assets

The Society capitalizes the cost of major capital additions and amortizes the cost of these assets over their estimated useful lives. Management has determined the estimated useful lives to be:

Computer and office equipment	3 to 5 years straight-line
Furniture and fixtures	10 years straight-line

## Revenue recognition

According to the Act, no interest or other earnings accrue or are payable to a claimant in respect of the period after money becomes an unclaimed money deposit and is transferred to the Society. Income earned on unclaimed funds is therefore unrestricted and is earned by the Society. Income from bonds includes amortization of discounts or premiums arising from purchases other than at face value.

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2009

## 3 Investments

	Fair value \$
Balance - Beginning of year	12,257,432
Purchases of investments	1,864,000
Disposal of investments	(1,925,707)
Unrealized loss	(201,900)
	<u>11,993,825</u>

The book value of investments as at year-end is \$11,707,385 (2008 - \$11,799,980).

Investment income consists of the following:

	2009 \$	2008 \$
Interest income	605,821	630,745
Realized loss on disposal of investments	(61,707)	(22,401)
Unrealized (loss) gain	(201,900)	499,275
	<u>342,214</u>	<u>1,107,619</u>

Investments comprise Canadian federal and provincial government and government guaranteed fixed-interest bonds and debentures, with a weighted average term to maturity of 4.48 years (2008 - 4.48 years). The weighted average yield to maturity on these bonds and debentures is 2.59% (2008 - 2.42%).

## 4 Capital assets

			2009	2008
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer	57,966	52,479	5,487	2,809
Office equipment	6,801	4,555	2,246	6,028
Furniture and fixtures	9,021	3,772	5,249	5,832
	<u>73,788</u>	<u>60,806</u>	<u>12,982</u>	<u>14,669</u>

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2009

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## 5 Old Unclaimed Property Funds

	2009 \$	2008 \$
Balance - Beginning of year	1,417,380	1,510,020
Payments made to claimants during the year	(318,826)	(92,640)
Balance - End of year	<u>1,098,554</u>	<u>1,417,380</u>

## 6 New Unclaimed Property Funds

	2009 \$	2008 \$
Balance - Beginning of year	12,370,937	11,013,354
Funds received during the year	3,526,541	3,499,326
Payments made to claimants during the year	(504,657)	(141,743)
Transfer to Vancouver Foundation (note 8)	<u>15,392,821</u> (4,000,000)	<u>14,370,937</u> (2,000,000)
Balance - End of year	<u>11,392,821</u>	<u>12,370,937</u>

## 7 Related party transactions and balances

During the year, the Society incurred the following charges from Vancouver Foundation:

- rent of \$28,509 (2008 - \$26,427);
- fees for management, information technology, accounting, legal, financial and administrative support of \$50,000 (2008 - \$50,000); and
- communications consulting fees of \$24,000 (2008 - \$13,500).

## 8 Transfer to Vancouver Foundation

As permitted by the Administration Agreement, the Society transferred \$4,000,000 (2008 - \$2,000,000) to Vancouver Foundation for charitable purposes in 2009. Cumulatively, to date, the Society has transferred \$11,500,000 to Vancouver Foundation. The board of directors has also approved an additional transfer of \$1,500,000 to Vancouver Foundation in 2010.

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2009

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## 9 Risks arising from financial instruments

### Financial instruments risks

The Society's financial instruments consist of cash and cash equivalents, investments, other receivables, and accounts payable and accrued liabilities. The Society is largely exposed to financial instrument risk on its cash and cash equivalents and investments. These risks may be categorized as market, credit and liquidity risk as detailed below.

### Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of changes in market conditions. Whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk comprises interest rate risk, foreign currency risk and price risk.

#### a) Interest rate risk

Interest rate risk is the risk that the market value of the Society's interest-bearing financial instruments will fluctuate due to changes in the prevailing interest rates. The Society is exposed to significant interest rate risk as its investments are all fixed income bonds and debentures.

#### b) Foreign currency and price risk

The Society is not exposed to foreign currency and price risk as it has no investments denominated in a foreign currency and no equity investments.

### Credit risk

Credit risk is the risk of loss associated with the inability of a counterparty to fulfill its obligations under the terms of a financial instrument. The maximum exposure to credit risk is the carrying value of cash and cash equivalents and investments. Management minimizes the Society's exposure to credit risk by holding its cash on deposit at an AA rated Canadian chartered bank and investments are Canadian federal and provincial government and government guaranteed fixed interest bonds and debentures.

### Liquidity risk

Liquidity risk is the risk the Society cannot meet the demand for cash or fund its obligations as they become due. Management minimizes the Society's exposure to liquidity risk by regular monitoring of cash flow projections and holding a significant balance in cash.

# **British Columbia Unclaimed Property Society**

Notes to Financial Statements

**December 31, 2009**

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## **10 Managing capital**

British Columbia Unclaimed Property Society defines its capital as the amounts included in its Fund balance and the New Unclaimed Property Fund. The Society sets the amount of Fund and New Unclaimed Property Fund balances in proportion to the potential future risks affecting the Funds and manages the corresponding asset structure in light of economic conditions and the risk characteristics of the underlying assets. The objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to fulfill its mandate as the administrator under the Act and to provide the appropriate level of contributions to its beneficiary.