

THE BRITISH
COLUMBIA

UNCLAIMED
PROPERTY
SOCIETY

Annual Report 2007

Annual Report | 2007

Our Message

Since 2003, the BC Unclaimed Property Society has received millions of dollars in unclaimed money from companies throughout British Columbia. This unclaimed money comes from a variety of sources, such as forgotten credit union accounts, unpaid wages and overpayments to debt collectors. As well, we receive unclaimed proceeds from courts, tax offices and estates.

Everyday we work with individuals and companies to unite rightful owners with their money. We've been very successful over the last four years.

In 2007, our staff provided advice and support to individuals who made claims for money and successfully reunited \$166,895 with rightful owners. And, we worked with hundreds of companies who saw the benefit of using our services to give back the unclaimed property they hold. In total, we received 2,365 properties from companies and are actively working to find their owners.

Each year, a percentage of funds that are unclaimed are donated to Vancouver Foundation, for charitable purposes. In 2007, we donated \$2 million to Vancouver Foundation bringing our total to more that \$5.5 million.

Significant Results

Total money returned to people with unclaimed property:	\$166,895
Total properties received from companies and organizations:	2,365
Total money received from companies and organization:	\$5,307,084
Total amount donated to Vancouver Foundation:	\$2,000,000

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*.



British Columbia Unclaimed Property Society

Financial Statements
December 31, 2007

April 1, 2008

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, 2007 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, 2007 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, except for the change in accounting policy for financial instruments as explained in note 2.

PricewaterhouseCoopers LLP

Chartered Accountants

British Columbia Unclaimed Property Society

Balance Sheet

As at December 31, 2007

	2007 \$	2006 \$ (Restated - note 2)
Assets		
Current assets		
Cash	1,396,589	713,062
Investments (note 5)	11,779,782	9,215,470
GST receivable	2,155	943
Prepaid insurance	2,867	2,867
	<hr/>	<hr/>
	13,181,393	9,932,342
Property, plant and equipment (note 4)	<hr/>	<hr/>
	19,519	25,126
	<hr/>	<hr/>
	13,200,912	9,957,468
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<hr/>	<hr/>
	45,864	34,607
Unclaimed Funds and Fund Balance		
Unclaimed funds		
Old Unclaimed Property Funds (note 6)	1,510,020	1,618,316
New Unclaimed Property Funds (note 7)	11,013,354	7,777,673
	<hr/>	<hr/>
	12,523,374	9,395,989
Fund balance	<hr/>	<hr/>
	631,674	526,872
	<hr/>	<hr/>
	13,155,048	9,922,861
	<hr/>	<hr/>
	13,200,912	9,957,468
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Approved by the Board of Directors

_____ Director

_____ Director

British Columbia Unclaimed Property Society

Statement of Operations and Fund Balance

For the year ended December 31, 2007

	2007 \$	2006 \$ (Restated - note 2)
Revenue		
Investment income (note 2)	464,705	414,129
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Expenses		
Accounting and audit	16,443	11,188
Amortization	5,607	18,511
Communications	9,161	11,376
Conference	3,865	1,269
Computer software licenses	3,319	-
Equipment leasing/maintenance	4,422	3,708
Insurance	11,042	11,402
Legal fees	24,012	45,942
Management fees (note 8)	50,000	50,000
Miscellaneous administration expenses	3,692	2,494
Loss on disposal of office equipment	-	2,930
Postage and courier	1,518	1,533
Rent (note 8)	36,900	59,429
Salary and benefits	194,055	176,967
Stationery and printing	1,915	795
Telephone	3,014	3,440
Travel	1,324	1,714
Unrecoverable GST	2,155	2,605
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	372,444	405,303
	<hr/>	<hr/>
Excess of revenue over expenses for the year	92,261	8,826
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Fund balance - Beginning of year		
As previously stated	914,471	812,673
Prior period adjustment (note 2)	(387,599)	(294,627)
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As restated	526,872	518,046
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Transition adjustment (note 2)	12,541	-
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Fund balance - End of year	631,674	526,872
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British Columbia Unclaimed Property Society

Statement of Cash Flows

For the year ended December 31, 2007

	2007 \$	2006 \$ (Restated - note 2)
Cash flows from operating activities		
Excess of revenue over expenses for the year	92,261	8,826
Adjustments for non-cash items		
Amortization	5,607	18,511
Loss on disposal of office equipment	-	2,930
Loss on investments	98,229	93,961
	<hr/>	<hr/>
	196,097	124,228
Net changes in non-cash working capital balances		
GST receivable	(1,212)	782
Prepaid insurance	-	(65)
Accounts payable and accrued liabilities	11,257	8,257
Receipts of old unclaimed funds (note 6)	4,092	37,009
Receipts of new unclaimed funds (note 7)	5,307,593	1,767,363
Payments of old unclaimed funds (note 6)	(112,388)	(681,048)
Payments of new unclaimed funds (note 7)	(71,912)	(434,656)
Transfer to Vancouver Foundation	(2,000,000)	(1,500,000)
	<hr/>	<hr/>
	3,333,527	(678,130)
Cash flows from investing activities		
Purchase of office equipment	-	(9,769)
Proceeds from sale of investments	1,117,750	750,000
Purchases of investments	(3,767,750)	-
	<hr/>	<hr/>
	(2,650,000)	740,231
Increase in cash	683,527	62,101
Cash - Beginning of year	<hr/>	<hr/>
	713,062	650,961
Cash - End of year	<hr/>	<hr/>
	1,396,589	713,062

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2007

1 Nature of operations

The 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 the 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 the Vancouver Foundation through the 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 is expected to be automatically renewed for an indefinite number of successive five-year periods until such time as either party gives written notice to the other party of termination.

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 will 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 3(a)).

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 3(b)).

2 Prior period adjustment and change in accounting policy

The comparative figures have been restated to reflect a retroactive application of adjustments relating to the valuation of investments.

In prior years, the amortization of discounts or premiums on bonds was not included in the operating results and, as a result, investments were incorrectly stated. The cumulative impact of the correction was to reduce investments and the fund balance by \$387,599 as at December 31, 2007 (2006 - \$294,627) and the recognition of \$92,972 of bond premium amortization in the statement of operations for the year ended December 31, 2006.

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2007

Financial instruments

Effective January 1, 2007, the Society adopted the provisions of Section 3855, "Financial Instruments - Recognition and Measurement", of the Canadian Institute of Chartered Accountants Handbook. The adoption of these standards resulted in changes in the accounting for financial instruments as well as the recognition of certain transitional adjustments that have been recorded in opening retained earnings as described below:

Investments

Section 3855 provides guidance on recognition and measurement of financial instruments. This section requires that investment portfolios be designated as either held for trading, held to maturity, or available for sale. The Society has designated its investment portfolio as "held for trading". In doing so, the Society has adjusted the carrying value of the investment portfolio from cost to fair value. At December 31, 2007, fair value was \$108,166 lower than cost and this is reflected in investment income.

3 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 6).

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 7).

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 the Vancouver Foundation for charitable purposes in British Columbia.

Investments

Investments consist of bonds and debentures and are measured on a trade-date basis at fair value. Investment income includes interest income, and realized and unrealized gains and losses.

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2007

Property, plant and equipment

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 software	1 year straight-line
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 values.

4 Property, plant and equipment

			2007	2006
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer	47,567	39,982	7,585	11,377
Office equipment	6,802	3,291	3,511	4,389
Furniture and fixtures	13,594	5,171	8,423	9,360
	67,963	48,444	19,519	25,126

5 Investments

Investments comprise Canadian fixed-interest bonds and debentures, with a weighted average term to maturity of 4.34 years (2006 - 4.16 years). The effective interest rate on these bonds and debentures is 4.75% (2006 - 4.09%).

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2007

6 Old Unclaimed Property Funds

	2007 \$	2006 \$
Balance - Beginning of year	1,618,316	2,262,355
Funds received during the year	4,092	37,009
Payments made to claimants during the year	(112,388)	(681,048)
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Balance - End of year	1,510,020	1,618,316

7 New Unclaimed Property Funds

	2007 \$	2006 \$
Balance - Beginning of year	7,777,673	7,944,966
Funds received during the year	5,307,593	1,767,363
Payments made to claimants during the year	(71,912)	(434,656)
	<hr/>	<hr/>
Transfer to Vancouver Foundation (note 10)	13,013,354 (2,000,000)	9,277,673 (1,500,000)
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Balance - End of year	11,013,354	7,777,673

8 Related party transactions and balances

The Society incurred rent charges from the Vancouver Foundation. For the year ended December 31, 2007, these charges amounted to \$36,900 (2006 - \$59,429) (see note 9).

In addition, the Society paid management fees to the Vancouver Foundation for information technology and general accounting support, legal advice and financial, general management and administrative services. The amount paid for the year ended December 31, 2007 was \$50,000 (2006 - \$50,000).

The amounts payable to the Vancouver Foundation are non-interest bearing and paid in the normal course of business.

9 Commitments

The Society has entered into operating lease agreements for its business premises with the Vancouver Foundation, expiring in 2008. The total future minimum lease payments are \$8,028.

British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2007

10 Transfer to Vancouver Foundation

As permitted by the Administration Agreement, the Society transferred \$2,000,000 (2006 - \$1,500,000) to the Vancouver Foundation for charitable purposes in 2007. To date, the Society has transferred \$5,500,000 to the Vancouver Foundation. The Board of Directors also approved an additional transfer of \$1,500,000 to the Vancouver Foundation in 2008.