



*British Columbia*  
**Unclaimed Property Society**

# Annual Report 2008

## Message from Chair and Executive Director

Each year millions of dollars goes unclaimed by British Columbians. It is our goal at the BC Unclaimed Property Society to reunite this money with its rightful owners. Since 2003, more than \$5 million has been returned to individuals who have submitted a claim.

In 2008, we undertook a number of new initiatives to unite more people with their forgotten property. These included:

- a new, more contemporary logo
- a new and improved website that:
  - makes it easier for individuals to search for unclaimed property
  - provides more information to companies who have unclaimed funds to submit
  - emphasizes our relationship with the Province of BC and Vancouver Foundation to reinforce our credibility and legitimacy
- an **advertising campaign** in movie theatres, community newspapers and BC Business magazine

We also focused our efforts on companies and organizations holding unclaimed money. While educating these companies about the requirements and responsibilities under the *B.C. Unclaimed Property Act*, we also highlighted the different ways in which we can be of service to them.

This was a year of development for the BC Unclaimed Property Society. As we find more creative ways to highlight our services to companies and increase the number of individuals searching our online database, our primary goal stays the same - to put money back in the hands of rightful owners.

The Honourable Donald Brenner  
Chair, Board of Directors

Andria Teather  
Executive Director

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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*.



vancouver  
foundation

## Successes

Here are a few recent examples of individuals being reunited with their forgotten property.

In September 2008, we sent a letter to an individual regarding his closed Pension fund. After confirming that he was the owner, we sent him a cheque for **\$121,400**.

When people move they sometimes forget to close credit union accounts. That's what happened in the case of a woman from California who found her name in our database and we mailed her a cheque for **\$5,273** from her credit union account.

In 2008 we received a phone call from a man who saw his name in our database. Shortly after his inquiry we reunited him with **\$2,751** from a court case.

On January 9, 2009 we received an email from a woman whose name appeared in our searchable database. The next month we sent her a cheque for **\$1,586**, which turned out to be funds from a liquidated cooperative.

## Significant Results

Total money returned to people with unclaimed property:	\$232,090
Total properties received from companies and organizations:	2,948
Total money received from companies and organization:	\$3,463,467
Total amount donated to Vancouver Foundation:	\$2,000,000

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 where submissions came from in 2008:

\$1,521,228 - Court funds	\$65,425 - Companies in liquidation
\$883,209 - Estate files	\$48,458 - Credit unions
\$546,033 - Closed pension plans	\$49,969 - Overpayment of debt collectors
\$130,873 - Companies in liquidation	\$8,134 - Liquidated Companies
\$104,772 - Employment standards	\$13,581 - Other
\$91,786 - Real estate	

# **British Columbia Unclaimed Property Society**

Financial Statements  
**December 31, 2008**

April 23, 2009

## **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, 2008 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, 2008 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.

**Chartered Accountants**

# British Columbia Unclaimed Property Society

## Balance Sheet

As at December 31, 2008

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	2008 \$	2007 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,872,574	1,396,589
Investments (note 5)	12,257,432	11,779,782
Other receivables	6,123	2,155
Prepaid expenses	3,242	2,867
	<hr/>	<hr/>
	15,139,371	13,181,393
<b>Property, plant and equipment</b> (note 4)	<hr/>	<hr/>
	14,669	19,519
	<hr/>	<hr/>
	15,154,040	13,200,912
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<hr/>	<hr/>
	12,505	45,864
<b>Unclaimed Funds and Fund Balance</b>		
<b>Unclaimed funds</b>		
Old Unclaimed Property Funds (note 6)	1,417,380	1,510,020
New Unclaimed Property Funds (note 7)	12,370,937	11,013,354
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	13,788,317	12,523,374
<b>Fund balance</b>	<hr/>	<hr/>
	1,353,218	631,674
	<hr/>	<hr/>
	15,141,535	13,155,048
	<hr/>	<hr/>
	15,154,040	13,200,912

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, 2008

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	2008 \$	2007 \$
<b>Revenue</b>		
Investment income (note 5)	1,107,619	464,705
	<hr/>	<hr/>
<b>Expenses</b>		
Accounting and audit	19,532	16,443
Amortization	4,038	5,607
Communications	33,459	9,161
Computer software licenses	4,248	3,319
Conference	-	3,865
Consulting	6,975	-
Equipment leasing/maintenance	4,589	4,422
Insurance	11,078	11,042
Legal fees	16,780	24,012
Management fees (note 8)	50,000	50,000
Miscellaneous administration expenses	9,074	5,847
Loss on disposal of office equipment	1,977	-
Postage and courier	2,185	1,518
Rent (note 8)	26,427	36,900
Salary and benefits	191,379	194,055
Stationery and printing	1,126	1,915
Telephone	2,596	3,014
Travel	612	1,324
	<hr/>	<hr/>
	386,075	372,444
	<hr/>	<hr/>
<b>Excess of revenue over expenses for the year</b>	721,544	92,261
<b>Fund balance - Beginning of year</b>	631,674	526,872
<b>Transition adjustment for financial instruments</b>	-	12,541
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<b>Fund balance - End of year</b>	1,353,218	631,674
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# British Columbia Unclaimed Property Society

## Statement of Cash Flows

For the year ended December 31, 2008

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	2008 \$	2007 \$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	721,544	92,261
Adjustments for non-cash items		
Amortization	4,038	5,607
Loss on disposal of office equipment	1,977	-
(Gain) loss on investments	(476,874)	98,229
	<hr/>	<hr/>
	250,685	196,097
Net changes in non-cash working capital balances		
Other receivables	(3,968)	(1,212)
Prepaid expenses	(375)	-
Accounts payable and accrued liabilities	(33,359)	11,257
Receipts of old unclaimed funds (note 6)	-	4,092
Receipts of new unclaimed funds (note 7)	3,499,326	5,307,593
Payments of old unclaimed funds (note 6)	(92,640)	(112,388)
Payments of new unclaimed funds (note 7)	(141,743)	(71,912)
Transfer to Vancouver Foundation (note 9)	(2,000,000)	(2,000,000)
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	1,477,926	3,333,527
<b>Cash flows from investing activities</b>		
Purchase of office equipment	(1,165)	-
Proceeds from disposal of investments	1,433,000	1,117,750
Purchases of investments	(1,433,776)	(3,767,750)
	<hr/>	<hr/>
	(1,941)	(2,650,000)
<b>Increase in cash</b>	1,475,985	683,527
<b>Cash - Beginning of year</b>	<hr/>	<hr/>
	1,396,589	713,062
<b>Cash - End of year</b>	<hr/>	<hr/>
	2,872,574	1,396,589

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2008

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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 during the year, 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 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 2(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 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 6).

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2008

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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 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 Vancouver Foundation for charitable purposes in British Columbia.

## 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 government 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.

## 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.

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2008

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## 3 New accounting standards

Effective January 1, 2008, the Society adopted the Canadian Institute of Chartered Accountants (CICA) Handbook *Section 1535, Capital Disclosures*, which requires an entity to disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. This standard impacted the disclosures the Society provides but did not affect the Society's result of operations or financial position. The impact of this standard is disclosed in note 11 of the financial statements.

In light of enquiries received regarding the Accounting Standards Board's (AcSB) September 2008 decision that a private enterprise will not be required to apply the current financial instruments standards, the AcSB decided that not-for-profit organizations will have the option to adopt Sections 3862, *Financial Instruments - Disclosures* and 3863, *Financial Instruments - Presentation*, or not. If Sections 3862 and 3863 are not adopted, the entity will continue to apply Section 3861, *Financial Instruments - Disclosure and Presentation*. British Columbia Unclaimed Property Society continues to apply Section 3861.

## 4 Property, plant and equipment

			<u>2008</u>	<u>2007</u>
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer	6,802	3,993	2,809	7,585
Office equipment	48,732	42,704	6,028	3,511
Furniture and fixtures	9,022	3,190	5,832	8,423
	<u>64,556</u>	<u>49,887</u>	<u>14,669</u>	<u>19,519</u>

## 5 Investments

	Fair value \$	Book value \$
Balance - Beginning of year	11,779,782	11,886,435
Purchases of investments	1,433,776	1,431,862
Disposal of investments	(1,455,401)	(1,518,317)
Unrealized gain/loss	499,275	-
Balance - End of year	<u>12,257,432</u>	<u>11,799,980</u>

# British Columbia Unclaimed Property Society

Notes to Financial Statements

December 31, 2008

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Investment income consists of the following:

	2008 \$	2007 \$
Interest income	630,745	562,934
Realized loss on disposal of investments	(22,401)	(41,750)
Unrealized gain (loss)	499,275	(56,479)
	<u>1,107,619</u>	<u>464,705</u>

Investments comprise Canadian fixed-interest bonds and debentures, with a weighted average term to maturity of 4.48 years (2007 - 4.34 years). The effective interest rate on these bonds and debentures is 2.42% semi-annually (2007 - 4.75%).

## 6 Old Unclaimed Property Funds

	2008 \$	2007 \$
Balance - Beginning of year	1,510,020	1,618,316
Funds received during the year	-	4,092
Payments made to claimants during the year	(92,640)	(112,388)
	<u>1,417,380</u>	<u>1,510,020</u>

## 7 New Unclaimed Property Funds

	2008 \$	2007 \$
Balance - Beginning of year	11,013,354	7,777,673
Funds received during the year	3,499,326	5,307,593
Payments made to claimants during the year	(141,743)	(71,912)
	<u>14,370,937</u>	<u>13,013,354</u>
Transfer to Vancouver Foundation (note 9)	(2,000,000)	(2,000,000)
	<u>12,370,937</u>	<u>11,013,354</u>

# **British Columbia Unclaimed Property Society**

Notes to Financial Statements

**December 31, 2008**

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## **8 Related party transactions and balances**

The Society incurred rent charges from Vancouver Foundation. For the year ended December 31, 2008, these charges amounted to \$26,427 (2007 - \$36,900) (see note 9).

In addition, the Society paid management fees to 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, 2008 was \$50,000 (2007 - \$50,000).

From July to December 2008, the Society paid a total of \$13,500 to Vancouver Foundation for communications consulting fees.

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

## **9 Transfer to Vancouver Foundation**

As permitted by the Administration Agreement, the Society transferred \$2,000,000 (2007 - \$2,000,000) to Vancouver Foundation for charitable purposes in 2008. To date, the Society has transferred \$7,500,000 to Vancouver Foundation. The board of directors also approved an additional transfer of \$4,000,000 to Vancouver Foundation in 2009.

## **10 Credit, interest rate, and currency risk management**

### **Market and credit risk**

The investment portfolio is exposed to market and credit risk due to changing market conditions. These market and credit risks are managed by establishing and monitoring asset allocation strategies and minimum credit criteria.

### **Interest rate risk**

The Society is exposed to significant interest rate risk through its investments as disclosed in note 5.

### **Foreign exchange risk**

The Society is not exposed to foreign exchange risk.

# **British Columbia Unclaimed Property Society**

Notes to Financial Statements

**December 31, 2008**

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## **11 Managing capital**

British Columbia Unclaimed Property Society defines its capital as the amounts included in its Fund balance and the New Unclaimed Property Fund. British Columbia Unclaimed Property 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.

