



City of Richmond

Report to Committee

To:	General Purposes Committee	Date:	May 28, 2009
From:	George Duncan Chief Administrative Officer	File:	01-0060-20-ROVA1/2009- Vol 01
Re:	Richmond Olympic Oval Corporation 2008 Annual Report to the City of Richmond		

Staff Recommendation

That the attached report "2008 Annual Report from the Richmond Olympic Oval Corporation," be received for information.

A handwritten signature in black ink, appearing to read "George Duncan".

George Duncan
Chief Administrative Officer
(604-276-4338)

Att. 1

Staff Report

Origin

Council has entrusted the start-up and operational success of the Richmond Olympic Oval to the Richmond Olympic Oval Corporation. Council has also appointed a board of directors consisting of community leaders representing a broad range of professional backgrounds in business, finance, legal, governance and other expertise to provide oversight to the Corporation. The Oval's board of directors is required as per the Richmond Oval Agreement to report annually to City Council to ensure accountability to the community and that is the purpose of this report.

Analysis

The inaugural annual report from the Richmond Olympic Oval Corporation to the City includes a detailed summary of the Corporation's activities in this critical start-up phase of the Oval. Typical of future year's reports, the 2008 report presents for Council's information:

- details of operational challenges during start-up,
- program and event summaries
- details regarding the post Games legacy Oval conversion planning currently underway
- a management discussion and analysis of the 2008 operating period and;
- copies of the annual financial statements.

As the 2010 Games are less than one year away, the Richmond Olympic Oval Corporation, working closely with City staff are preparing to welcome the world to the signature legacy venue of the Games. A primary focus of the Richmond Olympic Oval Corporation is to continue the preparation of the final post games legacy Oval configuration and program for future approval by Council.

Financial Impact

There are no financial implications as a result of this report.

Conclusion

The first annual report from the Richmond Olympic Oval Corporation to the City has been prepared in accordance with the Richmond Oval Agreement.



George Duncan
Chief Administrative Officer

:mer



Richmond Olympic Oval Corporation

2008

Annual Report
to the City of Richmond

April 30, 2009

Richmond, British Columbia, CANADA

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Message from the Chair



On behalf of the newly formed Board of Directors, I thank you for reading this report on the initial work of the corporation chosen by the City of Richmond to help achieve the vision of the Oval as an outstanding centre of excellence for sports and wellness for the benefit of all the residents of Richmond.

The City of Richmond examined a number of options prior to selecting an independent municipal corporation as the best way to ensure financial viability in operating a highly specialized, complex and multi-faceted venue, while maintaining accountability to the Oval's ultimate owners, the citizens of Richmond. The City of Richmond is the sole shareholder, and, Council appoints each of the Directors to the Board. In turn, the Board is required to report annually to City Council to ensure accountability to the community and

that is the purpose of this report.

In implementing this innovation, the Board wishes to thank Council for appointing a Board that has a very broad range of skills and expertise, with a common commitment to the community, now being expressed in our work on meeting the challenges, and seizing the opportunities, that lie before the Oval.

As you read through this report you will see the fruits of very hard labour by hundreds of dedicated individuals and all have earned the praise of this Board. Our early work has been focused on providing good advice and governance underpinnings to an organization that has been delivering well whilst undergoing daily change. We foresee several more months of dedicating our efforts toward learning well the lessons of the Oval's early experiences, and, through the application of experience and diligence, devising with management a business plan for the post-Games Oval that is financially realistic in meeting the Oval's great mandate.

Finally, I should like to thank each of my fellow Directors, and, compliment all the remarkable employees of the Oval Corporation.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

E. MICHAEL O'BRIEN

Chair of the Board of Directors



Message from Chief Executive Officer



This inaugural report represents the first of the annual reports to City Council and the citizens of Richmond.

Culminating in the much anticipated official opening on December 12, the year 2008 included several important milestones, including the commencement of training by Canada's speed skaters, the establishment of the Board of Directors, the recruitment of energetic employees and the appointment of a General Manager.

The Oval is more than a competitive venue for the 2010 Games. The Oval has the unique distinction of opening fourteen months in advance of the Games and providing unprecedented access to both the public and high performance athletes.

At the community level, the Oval signifies a major investment in the overall health and well being of Richmond's citizens. The programming at the Oval combines community, social and recreational spaces for all abilities with compatible ancillary uses such as sports medicine, sports management and high-performance training facilities. The public realm is enriched through well-designed open space and art.

I am proud that the City of Richmond has been recognized for creating such a splendid facility, and even more important, that the citizens of Richmond have received the Oval with positive enthusiasm.

In 2009, we will continue our efforts to prepare the Oval to be the finest venue of the 2010 Games, as well as planning for the post Games legacy Oval. Through the visionary leadership of Richmond City Council, the talent and dedication of those who work for the City and the Oval corporation, and the strong community support for a sport and wellness agenda, we have not just created the signature venue for the 2010 Olympic and Paralympic Winter Games but a premiere legacy that will enrich Richmond's quality of life for generations to come.

A stylized, handwritten signature in black ink, appearing to read 'George Duncan'.

GEORGE DUNCAN

Chief Executive Officer

Photo: Looking west along the north facade of the Oval to the BC Spirit Square and Riverside Plaza

Progress Report and 2009 Outlook

The City of Richmond (the “**City**”) has entrusted 0827805 B.C. Ltd., doing business as the “Richmond Olympic Oval Corporation” (the “**Corporation**”), to embrace and deliver:

- The City's Vision to be “the most appealing, liveable, and well-managed community in Canada”;
- The Project Vision for the Richmond Olympic Oval (the “**Oval**”) to be “an outstanding centre of excellence for sports and wellness at the heart of an exciting urban waterfront”; and
- The Project Mission to “transform our City by blending the spirit of Olympism with inspired leadership, and seamlessly combining a world class site, a sport and wellness agenda and innovative community planning to create the premiere legacy of the 2010 Olympic and Paralympic Winter Games” (the “**Games**”).

Operating Agreement Objectives:

A further innovative step was the City's decision to establish a not-for-profit company as the operator: the Richmond Olympic Oval Corporation (official legal name, 0827805 B.C. Ltd.) and to direct through an operating agreement the pursuit of four objectives:

- The Oval will provide facilities for non-sporting, community and entertainment events; and
- The Oval will provide facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public;
- The Oval will be developed, used and promoted as a training and competition facility for high performance sport;
- The Oval will provide ancillary commercial, retail, health and wellness services to enhance its use in respect of the activities set out above.

Start-Up Phase

Prior to the Corporation's incorporation, the Oval was operated by seconded City staff through the City's Richmond Olympic Business Office. Following the Corporation's hiring of John Mills as the General Manager in September 2008, a team of 27 full-time employees were assembled. Almost 100 part-time staff also contributed to the start-up of the facility during the first months of the Oval's operation.

The Corporation is still in its earliest days and thus is still defining and developing independent policies and processes, but it certainly continues to benefit greatly from the close relationships of the employees of the Corporation and the City.

The start up has been rendered exciting and challenging by the unique nature of the Oval's obligations to the Olympics before and during the Games. To accommodate the need for both planning and execution related to the Games, and to the post-

game period, great reliance has been placed on specialized contractors. This also permits careful consideration of what will be the composition of the post- Games workforce configuration.

Oval Corporation Pre-Games Goals

During this pre-Games period, the primary goals of the Corporation are threefold:

1. Introduce the Oval to the community, and provide some insight as to what the post-Games community legacy Oval will offer.
2. Provide speed skaters with the preparation environment they need to produce optimal performance at the Games;
3. Review post Games conversion plans and business plans and make further recommendations to the City prior to implementation.

Over the past five months, the public have embraced the Oval. Since the Oval's opening, over 60,000 people have skated on the ice and over 160,000 have attended or participated in an event hosted at the Oval. Hundreds of people arrive daily for private group and free public tours and learn about the Oval's programs and its plans for the Legacy phase.



Games Preparations

Consistent with the City's partnership with Speed Skating Canada ("**SSC**"), the Oval will serve as SSC's main training facility until the completion of the Games, with at least four hours per day of the Oval's ice track dedicated to high performance speed skating, thereby establishing a "home ice advantage" for Team Canada.

The Corporation is working closely with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ("**VANOC**"), and the City, to ensure that the Oval delivers on its potential to be the iconic facility of the Games. By understanding VANOC's needs, the Corporation can supplement some of the temporary additions made for the Games period resulting in permanent improvements to the Oval. Lighting, seating and flooring are areas where improvements have already been made.

During the design and construction of the Oval, the City recognized that there would be opportunities for VANOC to undertake Games required modifications to the Oval necessary for hosting Olympic events. For example, during the Speed Skating World Championship event, an extensive lighting system was temporarily installed in the Oval in order to meet demands for television broadcasting. Such improvements are being evaluated to determine their potential benefit for the post Games legacy community Oval phase.

Photo: (Above) Canadian Speed Skaters test out the ice at the Richmond Olympic Oval.

The Corporation will continue to seek out potential synergies between VANOC's needs and the post Games legacy oval operation phase. The VANOC test events have demonstrated that for certain high performance event requirements, such as the provision of lighting for television broadcasting, certain modifications would be required to the original Oval design.

High Performance Sport



The Corporation is engaged in ongoing consultation with summer and winter sport high performance athletes and sport organizations, which is expanding the Corporation's knowledge about the effective delivery of training programs and events. In March 2009, the Oval hosted the Canadian Olympic Committee (the "COC") and its member sport bodies to provide the COC with the opportunity to fully understand the potential of the Oval and to allow the Corporation to gain greater insight into the needs of its high performance clients.

Canadian Sport Centre Pacific ("CSC Pacific") has established a high performance lab in the Oval, which is furnished with leading equipment and technology, and is staffed with sport performance experts. CSC Pacific will deliver sport performance programs to provide athletes and coaches every advantage to win medals for Canada during the Games. CSC Pacific will work with coaches and technical support staff to optimize athlete training, help athletes understand their strengths and weaknesses, benchmark athletes against their competition and enhance preparation.

CSC Pacific will also provide athletes and coaches with ongoing feedback regarding training progress and information that can enhance the efficacy of their preparation. The Corporation is pleased to have

attracted CSC Pacific as a commercial tenant during challenging times given VANOC's four month Exclusive Use Period begins December 1st, 2009, and access to the Oval will be restricted.

Post-Games Potential

No other new Olympic facility has ever been open and host to such a variety of events and activities so far in advance of the Games. While the Oval is open and accessible during the pre-Games period, its current offerings only hint at the extraordinary opportunities the Oval will present during the post-Games or Legacy phase.

Since its incorporation on June 16, 2008, the Corporation has contributed to the Project Vision and Project Mission by hosting a number of test events (Appendix B). While building capacity and experience as an Olympic venue, the Corporation has

Photo: SSC speed skaters training on the Richmond Olympic Oval ice surface leading up to the Games.

sought out other events to demonstrate the versatility of the Oval. These events have been well received, and drew enthusiastic crowds and national television exposure. These events have vastly increased the community's volunteer and event execution capacity as well.

As momentum builds through the fall, the Oval will be closed to the public again starting on December 1, 2009 to allow VANOC time to prepare for the Games. These interruptions to public use, while inconvenient, are minor compared to the rare experience of enjoying the Oval during the pre-Games period.

The Corporation is committed to creating a world-leading facility that will serve the needs of local residents and allow the community and high performance athletes to come together to enjoy sport and wellness activities.

Post-Games Legacy Oval Conversion

Rather than providing only the ice track during the pre-Games period, the Oval's conversion plan was accelerated to show the community a little of what they could expect in the post Games Legacy phase. Accelerated improvements include:

- the installation of four hardwood courts in the Oval's infield,
- a portion of the Fitness Mezzanine being equipped; and
- a number of special spaces were outfitted including fitness studios and meeting rooms.

These amenities have enabled the Corporation to open its doors and begin programming the Oval and allowed the public to gain a greater sense of the Oval's potential post-Games.

The initial focus of the Corporation was on the challenging start-up issues associated with making a large public facility accessible to both the community and high performance athletes. More recently, the Board of Directors is shifting towards exploring all possible avenues to fulfil the potential of the Oval in meeting the highest aspirations of the City and its citizens. As such, one of the first steps for the Corporation is to complete a thorough analysis of the plans for changes to be made to the facility following the games, the "conversion plan." Information on the best practices of comparable facilities, is being gathered; the preliminary business plan assumptions are being reviewed, and the sport community is being consulted. The results of this work will be a recommendation to the City regarding the timing and the components of the Oval's conversion, which will begin following VANOC's "Exclusive Use Period" that ends on March 31, 2010.

When opening such a large facility, operational challenges were expected and have been relatively minimal, for example:

- the infield gymnasium courts require special attention when removing the ice oval to ensure their protection
- the sustainability practise of rainwater reclamation has reduced demand for reliance on City water significantly
- the Corporation currently has limited control over the ceiling lighting due to current configurations requiring entire sections to be on or fully off.



Test events including Essent International Speed Skating World Singles Championship



Hardwood courts for volleyball, basketball and other sport uses



A local, regional and international destination for athletes of all levels.



Fitness Centre and classes

- extra measures are being taken to prevent birds from accessing the interior Oval open space during event load in times

During the conversion period, the Oval will transition to a multi-purpose facility offering a full range of training and competitive opportunities for both summer and winter sports, ranging from developmental and recreational to elite level sports. While the Oval will retain its capacity to function as a speed skating oval, it will add a variety of other options, offering the prospect of much needed meeting space and sporting, cultural and entertainment events. Typically, the Oval's main activity level will offer ice and a variety of other sport surfaces, making almost any sport or activity possible at the Oval.

The Oval in 2009

During 2009, the Oval will be an active spot, routinely home to our Olympic athlete training programs, and also open the public for a variety of exciting programs:

- One of the Corporation's objectives is to work with the Richmond School Board to provide every child attending a local school in the City with the opportunity to skate on the Oval's ice prior to the Games. So far this year, over 6,000 students have participated in this "Oval Kids School Program." Schools are also being offered the opportunity to schedule field trips during May and June.
- Oval Kids Sports Nights represent an opportunity for youth aged six-years old to fifteen years old to receive complimentary drop-in entry to the Richmond Olympic Oval and experience a wide range of sports activities. Sports Nights will run every Wednesday from 6:00 p.m. to 9:00 p.m., beginning on May 13 until June 24, 2009. All sports activities will be lead by the Oval's high-performance Summer Sports Camp leaders, and will focus on instilling the Olympic spirit - friendship, solidarity and fair play – along with sport-specific skills.
- From July 6 to September 4, 2009, the Oval will offer a selection of six different week-long multi-sport camps for children between the ages of six to fifteen years old, featuring activities on the ice, court sports, general fitness, dragon boating, and biking and hiking adventures. There may never be another opportunity to enjoy summer fun on Olympic ice.
- To make fitness easier for parents, the Oval offers child minding services for children between the ages of six weeks to eleven years old in a safe, engaging and dynamic environment with a focus on physical activity.
- Since the Oval opened to the public on December 12, 2008, approximately 60,000 members of the public have skated on the Oval's 400-metre speed skating track. This unique opportunity, which will continue until December 1, 2009, has allowed the local community and visitors to the City to experience the world-class ice environment that Olympians will enjoy during the Games. Special efforts are being made to promote public skating during the summer months.



Multi-sport day camps for children between ages of 6-15 years old



Child minding services for parents participating in fitness programs

- Fitness enthusiasts are enjoying the introductory elements of the Fitness Mezzanine and the group classes in the Oval's various studios. The "60 days for \$60" program, which was launched in January 2009, was a tremendous success, resulting in three times the projected membership target. Drop-in passes and monthly memberships for the Oval are also available.
- Members of the public have the opportunity to get a sneak peak of the Oval before the Games. The Oval provides informative private group tours and free public tours, which highlight the Oval's history, architecture, operations, sport and fitness programs, public art, sustainability and fun facts. The Oval also offers free daily public viewings of the Oval's activity level.
- Meetings and special events have filled many of the interesting spaces at the Oval. Community, corporate and private functions have included skating parties, sales meetings, trade shows and receptions. Interest is expected to grow during the last six months of 2009.
- The Corporation continues to meet with local, provincial and national sport organizations to share information about program opportunities.
- The Corporation has launched a structured approach to sponsor solicitation with the goal of attracting eight to ten founding partners. Implementation of sponsorships will occur in the summer of 2010.
- The Oval hosts an increasing number of delegations from foreign countries, professional organizations and sport groups, not to mention the general public, who are interested in all aspects of the Oval.
- The Corporation has approximately 28,000 square feet of space that may be leased to retail, office, restaurant, sport medicine and commercial tenants to provide complementary services. It is expected that this space will be occupied in the spring of 2010 following the Games and the Oval's conversion project.
- The negotiations regarding the centre for health and wellness are currently underway and are expected to be completed by the summer of 2009.



School Program



Ice skating



Large crowds have attended pre-Games speed skating events



What People Are Saying

"The crown jewel of these Olympic Games."

NBC Today

"The Olympic Oval inspires."

The Globe and Mail

"The Richmond Olympic Oval is a truly spectacular facility and will be one of the premier competition venues for the Games."

Malcolm Brodie, Mayor, City of Richmond

"It is the signature venue of the Games....This building has no equal anywhere in the world. No building in Olympic history looks anything like this and will do anything like this."

John Furlong, Chief Executive Officer, Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games

"The Richmond Oval has become a world class facility for hosting international sport, business and community events. The beauty of the building is breathtaking and the staff is knowledgeable, friendly, and excited to host their next successful event."

Catriona Le May Doan, Canadian Sport Icon, Officer of the Order of Canada and Multiple Olympic and World Speed Skating Champion

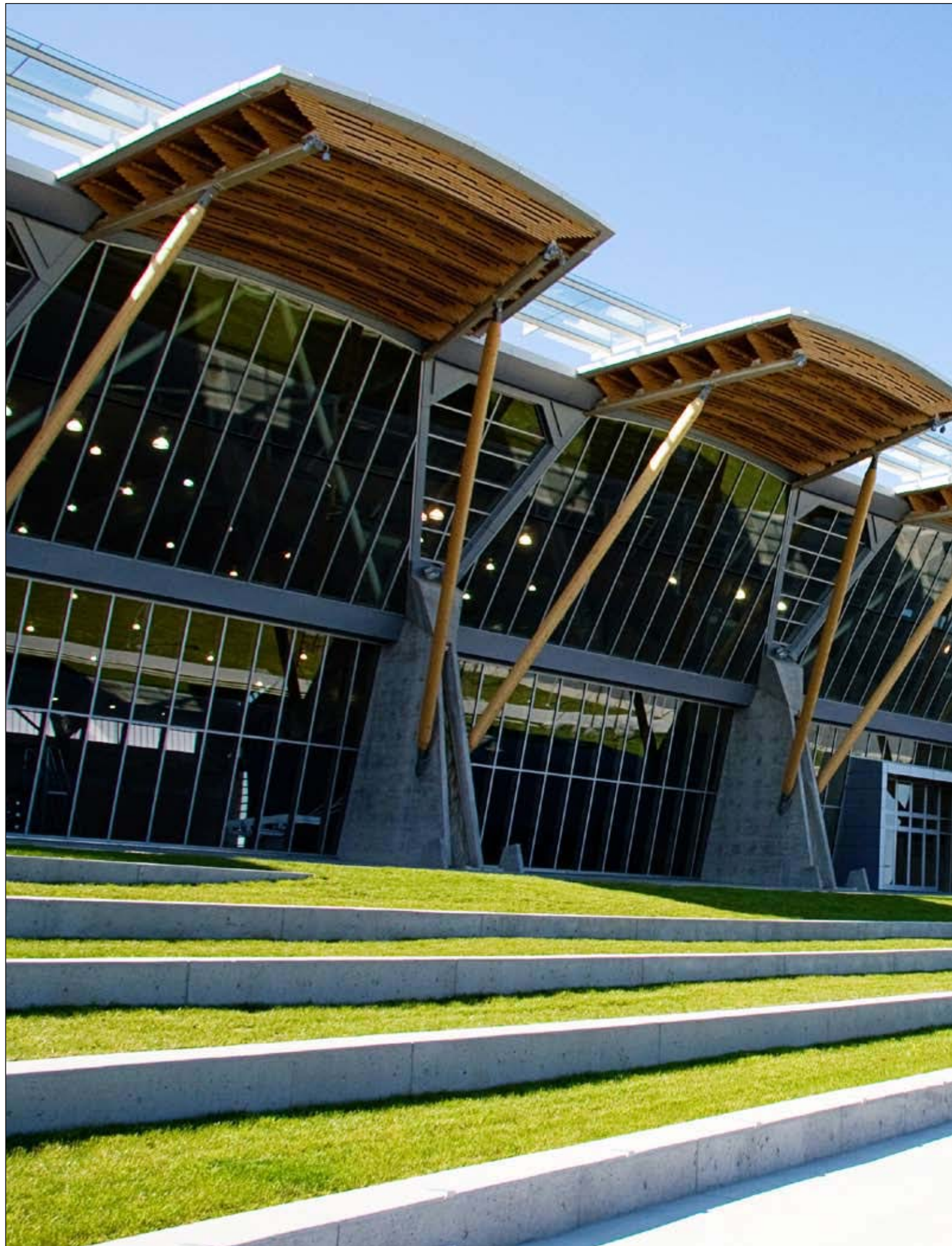
"Here in Richmond, the spirit of the Games will burn bright at the Richmond Olympic Oval, home of the speed skating for the 2010 Games...I'm proud that the Oval exceeds our national standards for accessibility and will become a venue of choice for wheelchair and other Paralympic sports..."

Rick Hansen, O.C., O.B.C., President and Chief Executive Officer, Rick Hansen Foundation

"Big turn-outs at the Richmond Olympic Oval surprised and impressed speed skaters..."

The Province

Photo: (Left) Community enjoying a skating opportunity at the Richmond Olympic Oval



Appendix A: The Company

The Company, which does business as the “Richmond Olympic Oval Corporation,” was incorporated under the name “0827805 BC Ltd.” on June 16, 2008 under the Business Corporations Act of British Columbia to manage the business, operations and maintenance of the Oval. The City, as the sole shareholder of the Company, established an interim Board of 11 directors, consisting of a selection of community leaders with a broad range of specialized expertise.

Directors

As of April 30, 2009, the Company has 11 directors. The name and province of residence of each director, each director's principal occupation, and the month each director was appointed to the Board are indicated in the chart below. The term of office of each director expires at the conclusion of the Company's next annual shareholder's meeting.

Name and Province of Residence	Principal Occupation	Director Since
Roger Barnes British Columbia, Canada	President, <i>Roger Barnes Marketing Planning Ltd.</i>	June 2008
George Duncan British Columbia, Canada	Chief Administrative Officer, <i>City of Richmond</i>	June 2008
Vic Farmer British Columbia, Canada	Senior Vice President, <i>Progressive Construction Ltd.</i>	June 2008
Olga Ilich British Columbia, Canada	<i>Member of the Legislative Assembly</i>	June 2008
Moray Keith British Columbia, Canada	President, <i>Dueck Chevrolet Cadillac Hummer Limited and Dueck Pontiac Buick GMC Limited</i>	June 2008
Stanley Kwok British Columbia, Canada	President, <i>Stanley Kwok Consultants</i>	June 2008
Umendra Mital British Columbia, Canada	Vice President and General Manager, <i>Ebco Industries Ltd. And Advanced Cyclotron Systems Inc.</i>	June 2008
Anna Nyarady British Columbia, Canada	President, <i>Vanseco Management Ltd.</i>	June 2008
Michael O'Brien British Columbia, Canada	Corporate Secretary and Vice President, <i>Strategic Planning and Legal Services, Vancouver International Airport Authority</i>	June 2008
Linda Sanderson British Columbia, Canada	Vice President, Human Resources, <i>Rogers Retail, Rogers Communications Inc.</i>	June 2008
David Thom British Columbia, Canada	Managing Director, <i>IBI Group</i>	June 2008

Photo: North facade of Oval along the BC Spirit Square and Riverside Plaza

Executive Officers

As of April 30, 2009, the Company has three executive officers. The name and province of residence of each executive officer, the offices held by each officer and each officer's principal occupation are as follows:

Name and Province of Residence	Position	Principal Occupation
George Duncan British Columbia, Canada	Chief Executive Officer	Chief Administrative Officer, City of Richmond
Phyllis Carlyle British Columbia, Canada	Corporate Secretary	General Manager, Law and Community Safety, City of Richmond
Andrew Nazareth British Columbia, Canada	Chief Financial Officer	General Manager, Business and Financial Services, City of Richmond

Committees

The committees of the Board and the current members of each committee are listed below.

Business Planning Committee

- Moray Keith (*Chair*)
- Roger Barnes
- Stanley Kwok
- Anna Nyarady
- David Thom

Audit & Finance Committee

- Vic Farmer (*Chair*)
- Roger Barnes
- Umendra Mital

Governance Committee

- Anna Nyarady (*Chair*)
- Olga Ilich
- Michael O'Brien

Human Resources Committee

- Linda Sanderson (*Chair*)
- George Duncan
- Michael O'Brien

Appendix B: Schedule of Events

Over the past five months, the Oval has hosted several local, national and international events, demonstrating both the versatility and the quality of its event-hosting capabilities.

Oval Opening Ceremonies

December 12 – 13, 2008

On December 12, 2008, Premier Gordon Campbell, Federal Minister of State for Sport Gary Lunn, Richmond Mayor Malcolm Brodie and VANOC officially opened the Oval. Olympic Gold medalists Cindy Klassen and Kyle Hamilton also participated in the opening ceremonies, which included live entertainment, venue tours and the first opportunity for members of the public to skate on the 400 metre ice track that will host the speed skating competition for the Games. An estimated 24,000 people attended the two-day event.



Oval Opening Ceremonies

2008 Canadian Single Distance Championships

December 27 – 31, 2008

The Oval made a good first impression at the 2008 Canadian Single Distance Championships, its first sport event competition, with full bleachers, lively crowds, and an ice surface that kept getting faster and faster. Winnipeg's Shannon Rempel had the honour of being the first winner at the Oval, taking the gold medal in the 500-metre event. Other medal winners included Jamie Gregg, Kyle Parrot, Christine Nesbitt, Denny Morrison, Lucas Makowsky, Kristina Groves, and Clara Hughes. "Being in this facility is incredibly motivating," said Ms. Hughes. Like all the athletes who skated at the Oval on the weekend, Ms. Hughes and Ms. Groves were elated to see the large crowds, which ranged from 1,200 to 1,500 people throughout the weekend.



2008 Canadian Single Distance Championships

Youth Futsal Provincials

January 3 – 4, 2009

Hosting 28 teams and over 400 children from as far away as Fort St. John, British Columbia, the Oval's four side-by-side pitches, which were "within view of each other and the spectators added tremendously to the sense of tournament, energy and excitement," said Heidi Lyons, Tournament Chair. The Richmond Soccer Association estimated that the total direct economic impact of the event to the City was \$23,000.

Futsal Fiesta

January 17 – 18, 2009

Building on the success of the Youth Futsal Provincials, Futsal Fiesta was open to all Richmond Soccer Association teams. For this event, 102 teams, or approximately 1,500 boys and girls between the ages of six-years old to 17-years old, were able to experience the Oval firsthand. The focus of the event was having fun, showcasing creativity and ball control.





Canadian Junior Speed Skating Championships and Canada Cup #2

January 30 – February 1, 2009

Canada's best junior speed skaters converged on the Oval for the Canadian Junior Speed Skating Championships. The Championships was used to select four Canadians to represent their country at the 2009 World Junior Speed Skating Championships in Zakopane, Poland. The Canada Cup #2 speed skating competition was held jointly with the Canadian Junior Speed Skating Championships for skaters to earn points towards their Canadian rankings in order to be selected on next year's National or Development Team.



Canadian Junior Speed Skating Championship & Canada Cup

Travel Media Association of Canada 2009 Tour

February 4, 2009

This year's Travel Media Association of Canada's conference was held in the City with 250 association members attending a gala dinner and tour of the Oval. All of the members were amazed by the Oval's expansive roof comprised of pine beetle-salvaged timber, multi-purpose nature and accessibility to the public.

2010 Olympic Winter Games One-Year Countdown

February 12, 2009

The Oval was selected as the site for the Games' official one-year countdown event and attracted major media coverage, including a taping of CBC's *The National* with Peter Mansbridge the night before. The event itself was broadcast nationally on CTV and began with a message from students from the Oakdale Junior School in London, England to their pen pals in Vancouver. The theme of the event was about connections. Shortly after 5:00 p.m., Richmond Mayor Malcolm Brodie introduced the event. "The Oval will be one of the premiere venues for the 2010 Olympics," said Mr. Brodie. "Richmond is ready to welcome the world." John Furlong, Chief Executive Officer of VANOC, came onstage to remind everyone, "we're at the last lap, the final bell," before formally introducing Canadian Olympic gold-medalist, Cindy Klassen. Ms. Klassen welcomed her fellow Olympians and Paralympians, and cheers of approval met Olympic medalist Simon Whitfield's bearing of a Canadian flag that flew on Parliament Hill that morning. After the Olympians and Paralympians left the stage, Jacques Rogge, President of the International Olympic Committee, made the official invitation to the world to participate in the 21st Olympiad in Vancouver, British Columbia, Canada. At 5:58 p.m., the countdown itself began. The crowd joined in at the 20-second count until a confetti shower at 6:00 p.m. officially declared the one-year mark before the Games.

"The Oval will be one of the premiere venues for the 2010 Olympics,"...



2009 Richmond Winterfest

2009 Richmond Winterfest

February 13 – 14, 2009

An estimated 47,000 people attended the 2009 Richmond Winterfest. While most people came to take a spin on the Oval's 400 metre ice track with visions of Olympic gold dancing in their heads, others enjoyed the event's numerous attractions including a spectacular ice carving competition on the BC Spirit Square and Riverside Plaza, live indoors performances on the Petro-Canada stage, face-painting, magic shows and more.

*"Richmond is ready to welcome the world."
John Furlong, Chief Executive Officer of VANOC...*

Photo: (Left) 2010 Olympic Winter Games Countdown Celebration and unveiling of 2010 Games Torch.



Canadian Masters Speed Skating Championships

Speed Skating Canada Youth Leadership Symposium

February 13 – 14, 2009

The Speed Skating Canada Youth Leadership Symposium invited students from the ages of 16-years old to 19-years old to participate in a leadership development conference that revolved around speed skating and the upcoming Games. The program taught participants leadership skills and values through an examination of SSC, the Olympic Movement and the values of both organizations. Additionally, through group projects, delegates obtained a better understanding of the concepts of teamwork and communication, becoming successful leaders and role models of fair play, fun, respect, peace, excellence, and human development.

Canadian Masters Speed Skating Championships

February 21 – 22, 2009

Eighty-eight competitors, including 73 Canadians, 13 Americans, one German and one Romanian, skated in this short all-round competition.

Essent International Skating Union World Single Distances Championships

March 12 – 15, 2009

During the four-day Essent International Skating Union World Single Distances Championships, the Oval proved that it has fast ice and the potential to be a Canadian medal factory during the Games. Several records were set at the Oval including: the Ladies' Team Pursuit time, which resulted in a Canadian Gold, that smashed the low level (less than 300 metres) track record by almost seven seconds; the Men's Team Pursuit time set by the Netherlands also trumped the low level track record by over 12 seconds; the second fastest opening 100 metres ever (for any speed skating oval regardless of altitude) in the Ladies' 500 metre race; the fifth fastest Men's 10,000 metre race; the eighth fastest Men's 5,000 metre race; and the ninth fastest Ladies' 5,000 metre race. Not to be overshadowed by falling records, the Canadian speed skating team won eight medals at the event, tying the Netherlands for the medal lead. Approximately 15,000 people attended the event. Media coverage included broadcast (NOS – Netherlands national television; Universal Sports – NBC Affiliate; CBC – Canada's national television) and print (48 articles spanning the Globe and Mail, National Post, Toronto Star, Montreal Gazette, Ottawa Citizen, Calgary Herald, Times Columnist, Vancouver Sun, and Vancouver Province). In order to host this event, the Oval was closed to the public from February 26 to March 20, 2009.



Essent International Skating Union World Single Distance Championships

...one of the most accessible venues in the world, this training camp was used to select the Canadian National Wheelchair Rugby Team...

Wheelchair Rugby National Team Training Camp

March 22 – 26, 2009

Featuring the Oval as one of the most accessible venues in the world, this training camp was used to select the Canadian National Wheelchair Rugby Team for the period from May 1, 2009 to April 30, 2010. In addition to the current members of the National Team and National Squad, the High Performance Coaching Team extended invitations to individuals who, in their view, had the potential to make the team this year.

Vancouver Invitational Wheelchair Rugby Tournament

March 27 – 29, 2009

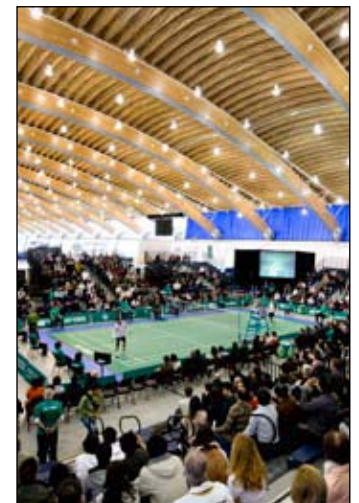
The annual Vancouver Invitational Wheelchair Rugby Tournament showed that the Oval is well-suited for its post-Games life as a multi-use sports facility. The Oval is one of the few facilities with lines on the floor specifically for the sport of wheelchair rugby. Quebec won the tournament on March 29, 2009 in a 58-30 victory over Ontario. "Everybody I've spoken to, the athletes, the coaches, officials, have been amazed by it and overwhelmed by it," said Kathy Newman, co-chair of the 2010 World Wheelchair Rugby Championships' organizing committee. Ian Chan of Richmond, British Columbia, one of Canada's top players, said the Oval is "a world class facility".

"Everybody I've spoken to, the athletes, the coaches, officials, have been amazed by it and overwhelmed by it," said Kathy Newman, co-chair of the World's organizing committee.

Racket Rally '09

April 3 – 5, 2009

Racket Rally '09 – broadcast by Fairchild TV across Vancouver, Edmonton and Toronto – featured some of the world's best in badminton and table tennis, and provided a three-day glimpse into the post-Games future of the Oval. With the speed skating ice removed, the 215,000 square foot floor was transformed into a 24-court festival for racquet sports. A cozy amphitheatre at the east end hosted over 5,000 spectators during the competition and was filled for a pair of featured weekend matches between Joachim Persson of Denmark and Taufik Hiyadat of Indonesia, the world's sixth-ranked and seventh-ranked players, respectively. Mr. Hiyadat, who was also the 2004 Olympic gold medalist in Men's badminton, stumped Mr. Persson 21-11 and 21-13 in the round-robin final on the last day of competition. Leung Chu Yan of Hong Kong won 4-1 over Robert Gardos of Austria in the table tennis summit.



Coloplast Canadian Wheelchair Rugby Championships

May 8 – 10, 2009

The Coloplast Canadian Wheelchair Rugby Championships will represent the second wheelchair rugby test event to be held at the Oval. This event will feature the National Team players who won a bronze medal at the 2008 Paralympic Games in Beijing, China, who will each be competing for their respective provinces. These athletes will form the nucleus of the National Team who will be gunning for gold at the 2010 World Wheelchair Rugby Championships, also to be held at the Oval in September 2009.

2009 International Wheelchair Basketball Federation's America's Zone Qualifier Wheelchair Basketball Tournament

August 5 – 12, 2009

The 2009 International Wheelchair Basketball Federation's America's Zone Qualifier Wheelchair Basketball Tournament is the tournament that all Men's and Women's teams must attend in order to qualify to attend the 2010 World Wheelchair Basketball Championships, which will be held in Birmingham, England. This qualifying tournament is held every two years, one year prior to the World Championships. The event will include eight Men's teams and six Women's teams. Teams attending the event will be from North, Central and South America, collectively known as the Americas Zone.



Racket Rally '09

2009 BC Seniors Games

September 16 – 19, 2009

The BC Seniors Games is an annual, multi-sport event hosted by a different British Columbia community each year. This event is one of the largest games organized within British Columbia with approximately 3,500 participants, aged 55-years old and over, from all over the province. The event will include a variety of activities such as archery, badminton, bridge, carpet bowling, cribbage, cricket, cycling, darts, dragon boat racing, five pin bowling, floor curling, golf, horseshoes, ice curling, ice hockey, lawn bowling, one-act plays, pickleball, slo-pitch, snooker, soccer, speed skating, square dancing, swimming, table tennis, tennis, track and field, volleyball and whist.

Speed Skating Canada World Cup Qualifier

October 17 – 20, 2009

The Speed Skating Canada World Cup Qualifier competition is an event which allows speed skaters to earn points towards their Canadian rankings in order to be selected to next year's National or Development Team.

2009 Canadian Single Distance Championships

December 2009/January 2010

Building on its success in holding the 2008 Canadian Single Distance Championships, the Oval will host the 2009 Canadian Single Distance Championships just prior to the Games.

2010 World Wheelchair Rugby Championships

September 16 – 25, 2010

The top 12 ranked wheelchair rugby teams in the world will compete at the 2010 World Wheelchair Rugby Championships, which will attract over 400 athletes, coaches, officials, delegates and volunteers to the Oval.

Tours, Corporate and Private Events

In addition to the sporting and community events mentioned above, the Oval has hosted a wide range of tours, corporate and private events.

- **Public Oval Tours:** Short, 15-minute free Oval tours or “viewings” are held every 2 hours, 7 days a week starting at 11:00am and ending at 7:00pm. On average, 25 members of the public attend each of these viewings in which Oval staff share the story of the Oval as they walk up to and around the field of play. More in-depth, one-hour tours are held 3 times a week, once on Tuesdays and twice on Saturdays.
- **Private Oval Tours:** Mirroring the one-hour in-depth public tours, Oval staff have hosted 82 private paid tours to date.
- **Corporate and Private Events:** The Oval has hosted over 1,000 people in 72 all non-sporting events, such as corporate meetings, commercial film and advertising shoots, private skating parties and employee engagement events.

Appendix C: Management's Discussion and Analysis

Management's discussion and analysis provides an overview of the Corporation's business operations, as well as an examination of significant developments that have affected the Corporation's financial condition and revenues and expenses for the period March 1, 2007 to December 31, 2008. Factors that could affect future operations are also discussed. These factors may be affected by known and unknown risks and uncertainties that may cause the actual future results of the Corporation to be materially different from those expressed or implied in this discussion.

This management's discussion and analysis should be read in conjunction with the Corporation's financial statements for the period from the commencement of operations on March 1, 2007 to December 31, 2008 and the accompanying notes. The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). All figures presented are expressed in Canadian dollars.

During the period from March 1, 2007 to the date of incorporation on June 16, 2008, the City is deemed to have acted as an agent of the Corporation in incurring the start up revenues and expenses. Accordingly the financial statements include the revenues and expenses of the Oval operations from March 1, 2007 to December 31, 2008.

This management's discussion and analysis has been prepared based on information available as at April 27, 2009, except where otherwise indicated.

About the Corporation

The Corporation was incorporated on June 16, 2008 as "0827805 B.C. Ltd." under the provisions of the *Business Corporations Act* of British Columbia. The Corporation does business as "Richmond Olympic Oval Corporation" or "Richmond Olympic Oval". It is a wholly-owned municipal corporation of the City.

The City built the Oval to provide a venue for a wide range of sports, business, health, wellness and community activities, including being the long-track speed skating venue for the Games. Effective July 1, 2008, the Corporation manages and operates the Oval facility under the terms and conditions of the Richmond Oval Agreement with the City as discussed in Note 3 to the financial statements.

In late November 2008, the Oval construction reached substantial completion and received an occupancy permit. Oval staff members moved into the new administration offices in early December 2008.

Overview of Performance

The Oval revenue earning operations commenced on December 15, 2008 offering a variety of fitness programs along with access to the fitness level cardio and strength training equipment. Revenue in the amount of \$58,512 was recorded from such operations to December 31, 2008 and \$42,747 was deferred to fiscal 2009. The revenues were primarily comprised of membership, admissions and fitness programs fees. In the ten-month period ended December 31, 2007, expenses incurred to plan the start-up of Oval operations comprised \$212,461 of salary and contract costs and \$13,850 of administration and marketing expenses. During the period from January 1 to June 15, 2008, further costs aggregating \$461,853 were incurred. In the remaining period of 2008 (from June 16 to December 31), additional expenses of \$2,648,177 were recorded as operating staff were hired and facility and administration expenses were incurred.

The City applies for and receives funding from the 2010 Games Operating Trust ("GOT") as explained in the notes to the financial statements. The City received \$4,142,326 during the reporting period of which \$3,336,341 was recognized as revenue earned for the period ended December 31, 2008 and the remaining \$805,985 has been deferred and will be recognized in 2009.

In the 22 month start-up period required to move the Oval into full operation, expenses were incurred for:

- Salaries and benefits during the pre-incorporation stages of the the salaries and benefits of those staff that were hired post - incorporation. (There are approximately 15 full-time and 49 part-time employees on the payroll as at December 31, 2008);
- Facility operation of the Oval including the heat, light and power, the ice-making equipment and building maintenance;
- Legal costs mainly related to creating the Articles of Association and Incorporation
- Costs related to developing and implementing a plan for marketing the Oval sport fitness programs and rentals of facilities;
- Costs associated with the official opening ceremonies of the Oval
- Recruitment costs for various staff positions including the costs associated with the recruitment of the General Manager of the Oval
- Acquiring operating supplies for fitness programs, Oval maintenance and administration;
- Property and liability insurance; and
- Supporting the training of high performance athletes, including speed skaters, and the attraction of other high performance athletes to the Oval.

Summary of Financial Position

The following table presents summary information on the Company's financial position at December 31, 2008. Due to the date of incorporation and there being limited activity at December 31, 2007 comparative information is not presented.

	\$ 000's
Current assets	\$ 1,265
Equipment	967
Total assets	<u>\$ 2,232</u>
Current liabilities	\$ 1,541
Obligation under capital leases	544
	2,085
Shareholder's equity	147
Total liabilities and Shareholder's equity	<u>\$ 2,232</u>

Current Assets

Cash and accounts receivable aggregating \$107,636 were the result of proceeds from sales of memberships, admissions, programs and special events.

Prepaid expenses of \$243,715 consist entirely of unamortized portions of the premiums on the Oval's insurance policies covering property, liability, business interruption, directors and officers' liability and other risks.

The amount due from the City of \$914,242 is mainly GOT funds received by the City and not transferred to the Oval as at December 31, 2008.

Equipment

As at December 31, 2008, the Oval had \$966,727 of new equipment of which \$756,234 was from the capitalization of information technology equipment leases for printers, drivers, computers, audio visual and other equipment basic to the administration and running of programs, events and operation of the Oval. In addition, it includes \$210,493 of athletic equipment, staff uniforms, ice skates, helmets, computer software and equipment. Amortization of the equipment will commence on January 1, 2009.

Current Liabilities

Accounts payable and accrued liabilities of \$510,827 include trade payables for equipment, service contracts, legal and audit fees, heat, light, power, and payroll accruals.

An amount of \$181,222 of the total \$725,284 obligation under capital leases for equipment is recorded as current and will be amortized over the next twelve months.

Deferred revenue includes the portion of GOT contributions received that are deferred to be offset against 2009 operating expenses and capital maintenance costs. It also includes the pro rata portion of fees received in 2008 for fitness and other programs to be delivered in 2009 in the amount of \$42,747.

Obligation Under Capital Leases

The Oval has capital lease obligations for equipment with remaining terms to January 2013. The long-term portion of the lease obligation as at December 31, 2008 was \$544,062 with payments as shown in the notes to financial statements.

Shareholder's Equity

The Corporation has an authorized share capital consisting of an unlimited number of common shares without par value. As of December 31, 2008, the Corporation has one common share outstanding, which was issued to the Corporation's parent, the City.

The retained earnings are \$147,476, being the net earnings for the period from commencement of operations on March 1, 2007 to December 31, 2008.

Liquidity and Capital Resources

The comments below encompass the period of the financial statements being from the date the City is deemed to have been the agent for the Corporation on March 1, 2007 to incorporation date on June 16, 2008 and through to December 31, 2008.

Operating

Cash provided by operating activities in the period was \$328,607 and of this amount non-cash operating working capital was \$181,131. The latter amount is attributed to the amounts in accounts payable and deferred revenue offset by the accounts receivable from members and event holders and the City and the prepaid insurance. As discussed in "Summary of Financial Position" the City received funds from GOT which have been used to finance operating activities.

Investments

The Corporation purchased equipment primarily for the sport and fitness operations of the Oval totalling \$210,493.

Financing

Payments on the capital lease obligations amounted to \$30,949.

Capital Resources

The Corporation had a working capital deficiency of \$275,188 at year end.

In order to finance operations in 2009, the Corporation expects to receive cash from several sources as follows:

- Revenues from the sale of memberships and admissions to the Oval's sport and fitness facilities and programs, including a summer camps program;
- Funding from GOT, as reported in Note 8 to the financial statements, for the 2007 and 2008 Annual Distributable Amount of approximately \$4.6 million, the receipt of which contingent on the finalization of the Post Games Operating Agreement between VANOC, GOT and the City; and
- A grant from the City of \$1,050,000.

The Corporation believes that its operating working capital is adequate to meet its operating needs.

Related Party Transactions

The Corporation is a municipal corporation wholly-owned by the City which is its only related party. The City was deemed to be the agent prior to incorporation and incurred expenses and recorded revenues which were subsequently transferred to the Corporation. Note 9 to the financial statements reports other inter-entity transactions.

Critical Accounting Policies and Estimates

The Corporation's significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Corporation considers the following policies to be most critical in understanding the judgments that are involved in preparing the Corporation's financial statements and the uncertainties that could affect the Corporation's results of operations, financial condition and cash flows.

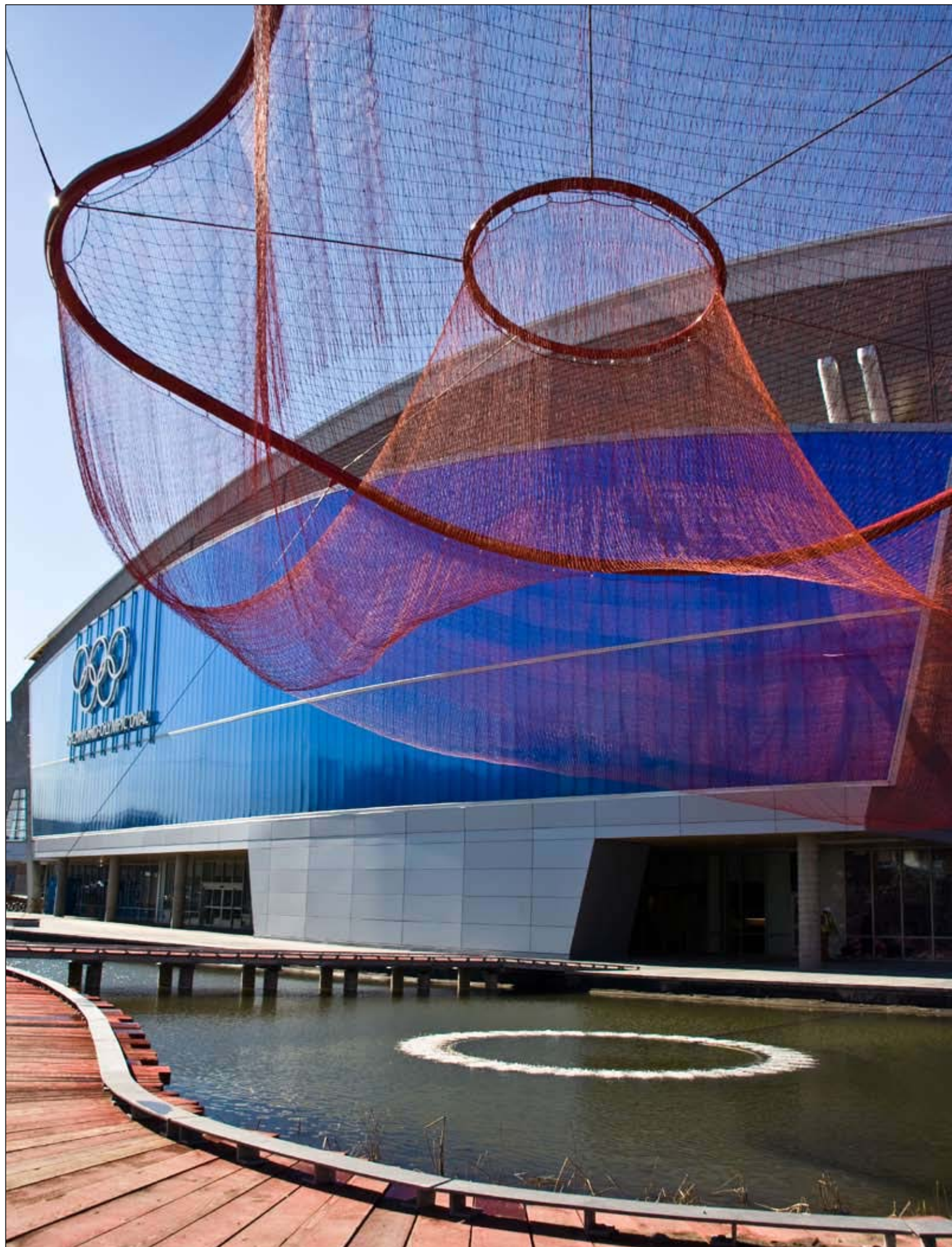
2010 Games Operating Trust Revenue

Notes 2(c), 4 and 8 describe in detail the accounting for GOT funds. Distributions are deferred when there is reasonable assurance that conditions of the distribution have been met and the funds will be received and are recognized as income when related operating expenses and capital maintenance costs of the Oval are incurred. This policy was adopted because the GOT Application and Disbursement Policies require that the distributions be applied to the Corporation's annual operating expenses and capital maintenance costs.

Statement of Earnings and Retained Earnings

The financial statements are prepared on the basis that all expenses incurred by the City prior to incorporation on June 16, 2008 were incurred by the City acting as an agent for the Corporation. Accordingly, pre-incorporation expenses of \$688,164 consisting of \$226,311 in 2007 and \$461,853 in 2008 are included in the Statement of Earnings.

The Oval land and building complex and its major equipment components are the property of the City and are not recorded in these financial statements. Construction of the Oval was completed in December 2008 at which time business operations of the Oval commenced. As previously discussed, the Corporation manages and operates the Oval under the terms of the Richmond Oval Agreement.



Industry and Economic Factors

- **Sport and Fitness Market:** The Oval is entering a highly competitive sport and fitness market which offers personal and group training classes, personal training, wellness and fitness equipment, weight training and sport specific facilities and training. These services are offered by entrepreneurial local and chain operations, and public and private clubs. Market studies to determine the market for services to be offered by the Oval have been commissioned. A market study to determine rates to charge has been received and the results taken into account in determining the Oval's fees . The City is recognized as being the healthiest in Canada with a very active population of all ages and it is that demographic that will assist the Oval in fulfilling its vision.
- **Special Events:** The Oval has various open spaces and rooms which are available for rent to the public. In order to attract business, our program takes into account issues such as pricing of the facility and provision of amenities such as audio visual equipment, WIFI, tables and chairs, catering, etc.
- **Leasing of Oval Spaces:** The Oval has 28,000 square feet of space for lease. The market is competitive and accordingly an international real estate corporation has been retained to assist in marketing and sales. It is expected that future tenants will include retail, office, food and beverage, sport medicine and health related services. At the current date several proposals have been made to the Oval. The bulk of prospective tenants will not occupy space until the post games period begins on April 1, 2010.
- **Economic Downturn:** Management is ever mindful of the potential effects of the Canada wide and international economic downturn. Being in the start-up mode there are no statistics based on Oval past history to measure or compare the potential effects. With the 2010 Games ten months away and the post-Games conversion 12 months away, it gives management the opportunity to study the market place, hone its operation plans and restrain expenditures.
- **2010 Olympic and Paralympic Winter Games:** The hosting of the long track speed skating events at the Games in the period from February 12 to 28, 2010 provides three significant impacts all of which are being planned for in 2009:
 1. First is the cessation of normal operations for the four month period from December 1, 2009 to March 31, 2010 when VANOC has an Exclusive Use Period. This will result in a consequent reduction in revenues from programs and rentals but with a related reduction in certain direct expenses of those activities.
 2. Second is the conversion period after the Games when the Oval will operate with limited programs as the construction in various parts of the Oval takes place through the late spring of 2010.

Photo: (Left) Water Sky Garden public art (by Janet Echleman, 2008) along east facade of the Richmond OlyOval

3. Third is the positive impact that the television broadcasting of the Games around the world will bring international recognition and acclaim to the Oval which will be levered into future revenues.

- **The Corporation's entry into this business is complicated by these factors:**

1. In the pre-Games phase the facilities do not reflect the full build-out which will occur post-Games.
2. Business will be interrupted for two Exclusive Use Periods when VANOC takes over the Oval for its purposes. While the Corporation is communicating the necessity of these actions to the public, these interruptions create several challenges with respect to providing precise program offerings and consistent hours of operations to the Oval's members and customers.
3. The Oval is obliged to provide speed skaters with four hours per day of training times on the Oval ice.

These complications and challenges were anticipated and factored into the Pre-Olympic plans of the Corporation.

Appendix D: Management's Responsibilities for Internal Controls and Financial Statements

To the sole shareholder of the Richmond Olympic Oval Corporation,

The accompanying financial statements of the Company and all information in this annual report are the responsibility of management and have been reviewed and approved by the Company's Board of Directors. These financial statements and related notes have been prepared by management in conformity with accounting principles generally accepted in Canada and necessarily include amounts based on management's informed judgments and estimates. Financial information included elsewhere in this annual report is consistent with that contained in the financial statements.

To assist management in fulfilling its responsibilities, a system of internal accounting controls has been established by the City of Richmond and the Company to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded. Management believes that the systems of internal controls have operated effectively for the period from March 1, 2007 to December 31, 2008.

KPMG LLP, Chartered Accountants, appointed by the sole shareholder, have audited the financial statements and conducted a review of internal accounting policies and procedures to the extent required by generally accepted auditing standards in Canada and performed such tests as they deemed necessary to enable them to express an opinion on the financial statements.

The Board of Directors, through its Audit & Finance Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls, and is ultimately responsible for reviewing and approving the financial statements and the management's discussion and analysis. The Audit & Finance Committee is composed of three independent directors who are not employees of the Company. The Audit & Finance Committee meets regularly with management and, on an as needed basis, with KPMG LLP to review the activities and to discuss internal control, accounting, auditing and financial matters and reports its findings to the Board of Directors.

George Duncan

Chief Executive Officer

Andrew Nazareth

Chief Financial Officer



Appendix E: Audited Financial Statements

Financial Statements of

0827805 B.C. LTD.

(dba Richmond Olympic Oval)

Period from commencement of operations on March 1, 2007
to December 31, 2008

***Photo:** North view from Oval of
the BC Spirit Square and Riverside
Plaza*



KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

AUDITORS' REPORT

To the Shareholder of 0827805 B.C. Ltd. (dba Richmond Olympic Oval)

We have audited the balance sheet of 0827805 B.C. Ltd. (dba Richmond Olympic Oval) (the "Company") as at December 31, 2008 and the statements of earnings and retained earnings and cash flows for the period from commencement of operations on March 1, 2007 to December 31, 2008. These financial statements are the responsibility of the Company'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 Company as at December 31, 2008 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

Burnaby, Canada

March 9, 2009

0827805 B.C. LTD.

(dba Richmond Olympic Oval)

Balance Sheet

December 31, 2008

Assets

Current assets:

Cash	\$	87,165
Accounts receivable		20,471
Prepaid expenses		243,715
Due from the City of Richmond (note 5)		914,242
		<u>1,265,593</u>

Equipment (note 6)		966,727
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\$ 2,232,320

Liabilities and Shareholder's Equity

Current liabilities:

Accounts payable and accrued liabilities	\$	510,827
Obligation under capital leases (note 7)		181,222
Deferred revenue (note 8)		848,732
		<u>1,540,781</u>

Obligation under capital leases (note 7)		544,062
		<u>2,084,843</u>

Shareholder's equity:

Share capital:

Common shares without par value:

Authorized:

No maximum

Issued:

One share for cash of \$1.00

1

Retained earnings		147,476
		<u>147,477</u>

Commitments (note 3)

Economic dependency (note 11)

\$ 2,232,320

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

0827805 B.C. LTD.

(dba Richmond Olympic Oval)

Statement of Earnings and Retained Earnings

Period from commencement of operations on March 1, 2007 to December 31, 2008 (Note 2(a)(ii))

Revenue:

2010 Games Operating Trust Fund (note 8)	\$ 3,336,341
Memberships, admissions and programs	58,512
Interest (note 9)	88,964
	<u>3,483,817</u>

Expenses:

Salaries and benefits	1,260,399
Recruiting and consulting	547,230
Opening ceremonies	506,929
Marketing and sponsorship	262,490
Professional fees	213,699
General and administration	206,041
Supplies and equipment	103,812
Utilities	198,325
Insurance	37,416
	<u>3,336,341</u>

Net earnings, being retained earnings, end of period	<u>\$ 147,476</u>
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See accompanying notes to financial statements.

0827805 B.C. LTD.
(dba Richmond Olympic Oval)
 Statement of Cash Flows

Period from commencement of operations on March 1, 2007 to December 31, 2008 (Note 2(a)(ii))

Cash provided by (used in):

Operations:

Net earnings	\$ 147,476
Changes in non-cash operating working capital:	
Accounts receivable	(20,471)
Prepaid expenses	(243,715)
Due from the City of Richmond	(914,242)
Accounts payable and accrued liabilities	510,827
Deferred revenue	848,732
	<u>328,607</u>

Investments:

Purchases of equipment	(210,493)
------------------------	-----------

Financing:

Repayment of obligation under capital leases	(30,949)
--	----------

Increase in cash, being cash end of period	<u>\$ 87,165</u>
--	------------------

Supplementary information:

Interest paid	\$ 4,767
Assets acquired under capital lease	<u>756,234</u>

See accompanying notes to financial statements.

0827805 B.C. LTD.

(dba Richmond Olympic Oval)

Notes to Financial Statements

Period from commencement of operations on March 1, 2007 to December 31, 2008

1. Incorporation and nature of business:

0827805 B.C. Ltd. (dba as the Richmond Olympic Oval) (the "Company") was incorporated on June 16, 2008 under the Business Corporations Act of British Columbia as a wholly-owned municipal corporation of the City of Richmond (the "City"). The business of the Company is to use the Richmond Olympic Oval facility (the "Oval") to provide a venue for a wide range of sports, business and community activities, including, but not limited to, being the long-track speed skating venue for the 2010 Olympic and Paralympic Winter Games.

2. Significant accounting policies:

(a) Basis of presentation:

(i) Accounting principles:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(ii) Statement of earnings and retained earnings:

These financial statements are prepared on the basis that all expenses incurred by the City, on behalf of the Company, prior to incorporation on June 16, 2008 were incurred by the City acting as an agent for the Company. Accordingly, pre-incorporation expenses of \$688,164 consisting of \$226,311 in 2007 and \$461,853 in 2008 are included in the statement of earnings.

The Oval land and building complex and its major equipment components are the property of the City and are not recorded in these financial statements. Construction of the Oval was completed in December 2008 at which time operations of the Oval commenced.

(b) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of valuation in accounts receivable, useful lives of Equipment for amortization, impairment of long-lived assets and fair values of financial instruments. Actual amounts may ultimately differ from these estimates. The estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the year in which they become known.

0827805 B.C. LTD.**(dba Richmond Olympic Oval)**

Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

2. Significant accounting policies (continued):**(c) Revenue recognition:**

Admissions, memberships and program fees are recorded as revenue over the period that the services are rendered, with any prepaid portion recorded as deferred revenue. Distributions from the 2010 Games Operating Trust (note 4) are deferred when there is reasonable assurance that conditions of the distribution have been met and the funds will be received and are recognized as income when related operating expenses and capital maintenance costs of the Oval are incurred.

(d) Equipment:

Equipment is capitalized at cost. Amortization is provided on a straight-line basis at rates that reflect estimates of the economic lives of the assets based on the following annual rates of amortization:

Assets	Rate
Athletic equipment	20%
Computer software and equipment	33%
Uniforms, ice skates and helmets	33%

Equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(e) Assets held under capital lease:

Assets held under capital lease are stated at historical cost, being the lesser of the present value of the future minimum lease payments and fair value at the date of acquisition and amortized on a straight-line basis over their estimated useful lives of five years.

(f) Pension plan:

The Company and its employees make contributions to the Municipal Pension Plan (the "Plan"). These contributions are expensed as incurred.

0827805 B.C. LTD.

(dba Richmond Olympic Oval)

Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

2. Significant accounting policies (continued):

(g) Income taxes:

The Company is not subject to income taxes as it is a wholly-owned municipal corporation of the City of Richmond.

(h) Financial instruments:

The Company accounts for its financial instruments in accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*, CICA Handbook Section 3865, *Hedges*, CICA Handbook Section 3862, *Financial Instruments - Disclosures*, and Section 3863, *Financial Instruments - Presentation*.

These sections require that all non-derivative financial assets and liabilities be measured at fair value with the exception of loans and receivables and held-to-maturity investments, which should be measured at amortized cost; and certain exceptions which are not applicable to the Company. The section also requires that gains and losses on financial instruments measured at fair value be recognized in net income in the periods in which they arise, with certain exceptions which are not applicable to the Company. In addition, disclosure with an emphasis on risks associated with both recognized and unrecognized financial instruments to which an entity is exposed during the year and at the balance sheet date, and how an entity manages these risks, is provided in the financial statements.

The Company's financial instruments are accounts receivable, due from the City, and accounts payable and accrued liabilities. The Company classifies its accounts receivable as loans and receivables which are recorded at amortized cost.

The Company classifies its accounts payable and accrued liabilities as other liabilities which are recorded at amortized cost.

The fair value of amounts due from the City is not practicable to determine due to their related party nature and terms and the limited amount of comparable market information available.

It is management's opinion that the Company is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

0827805 B.C. LTD.

(dba Richmond Olympic Oval)

Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

2. Significant accounting policies (continued):

(i) Assessing going concern:

CICA Handbook Section 1400, *General Standards of Financial Statement Presentation*, requires management to assess and disclose an entity's ability to continue as a going concern. Based on the assessment by management, there is no issue regarding the Company's ability to continue as a going concern.

(j) Capital disclosures:

CICA Handbook Section 1535, *Capital Disclosures*, requires quantitative disclosure about what is regarded as capital and disclosure of information with respect to the objectives, policies and processes used by the Company to manage capital. These disclosures are included in note 12 to the financial statements.

(k) Future accounting changes:

(i) Goodwill and intangible assets:

CICA Section 3064, *Goodwill and Intangible Assets*, will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The standard is effective for fiscal years beginning on or after October 1, 2008.

The Company is currently evaluating the impact of the above new accounting standard for the next fiscal year ending December 31, 2009 and expects that there will be no significant impact.

(ii) Accounting framework:

The Public Sector Accounting Board ("PSAB") is currently evaluating the accounting framework for government organizations. The Company's accounting framework may change due to conclusions reached by PSAB which are expected in 2009.

0827805 B.C. LTD.

(dba Richmond Olympic Oval)

Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

3. Richmond Oval Agreement:

The Company is party to the Richmond Oval Agreement (the "Agreement") with the City, which has an effective date of July 1, 2008. The Agreement establishes the terms and conditions of the relationship between the City and the Company. Under the terms of the Agreement:

(a) The Company:

- (i) leases the Oval for a term of twenty-five years for \$1;
- (ii) has the power to manage, operate, use and occupy the Oval;
- (iii) is responsible for repairing and maintaining all components of the Oval;
- (iv) will receive all revenue and be responsible for all operational expenses and capital expenditures of the Oval;
- (v) will, in 2011, allocate from shareholder's equity to a Sustaining Capital Reserve and an Operating Capital Reserve a total of \$1.7 million to be represented by cash in a capital reserve bank account; subsequent to 2011, the amount of the contribution to the Capital Reserve will be determined by the Capital Works Committee;
- (vi) will indemnify and save harmless the City from any losses or damages arising from or which have occurred as a result of rights and obligations under the Agreement;
- (vii) will maintain property and liability insurance on the Oval; and
- (viii) will not allow any encumbrances to be registered against the Oval.

(b) The City:

- (i) will provide, for the first fifteen years of the term, financial support as agreed between the City and the Company from time to time; for the years 2010, 2011 and 2012 the annual financial support shall not be less than \$1.5 million per year indexed at the City of Vancouver Consumer Price Index. After fifteen years, any financial assistance from the City will be as determined by the City in its sole discretion;
- (ii) will pay any funds received from The 2010 Games Operating Trust (note 4) to the Company within 30 days of receipt; and
- (iii) is responsible for completing construction of the Oval in the Pre-Games configuration and for re-configuring the Oval into the post-games configuration at the City's cost.

0827805 B.C. LTD.**(dba Richmond Olympic Oval)**

Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

4. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for the 2010 Olympic and Paralympic Winter Games (the "Games") the Government of Canada and the Province of British Columbia agreed to establish the Legacy Endowment Fund (the "Fund") and to each contribute \$55 million. On March 31, 2004, under the terms of The 2010 Games Operating Trust Agreement, an irrevocable trust was created known as The 2010 Games Operating Trust ("GOT") and the 2010 Games Operating Trust Society (the "Society") became the trustee of the funds in the Fund. The purpose of the Fund is to fund operating expenses and capital maintenance costs of certain facilities created for the Games, specifically the Oval and the Whistler Sliding Centre and Nordic Centre, and to assist with the continued development of amateur sport in Canada. Subsequent to the formation of the Trust, the City, as owner of the Oval, became a beneficiary of the Trust and became responsible for complying with obligations set by the Trust and GOT in order to receive funding. Funds from GOT are paid to the City, and as indicated in note 3(b)(ii), the funds are then paid to the Company.

Effective December 31, 2007:

- (a) the Fund was divided into three funds: the Speed Skating Oval Fund; the Whistler Sliding Centre and Nordic Centre Fund and the Contingency Fund; and
- (b) the capital and any accumulated but undistributed income of the Fund was divided as follows: Speed Skating Oval Fund (40%), Whistler Sliding Centre and Nordic Centre Fund (40%), and the Contingency Fund (20%).

At December 31, 2007, the Speed Skating Oval Fund had a fund balance of \$49,941,298 after distributions. The fund balance at December 31, 2008 has not been determined. See also notes 2(c) and 8.

5. Due from the City of Richmond:

The balance in this account represents the money owing by the City pertaining mainly to GOT funds received prior to the incorporation of the Company that was not paid as at December 31, 2008 (see notes 4 and 8).

0827805 B.C. LTD.**(dba Richmond Olympic Oval)**

Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

6. Equipment:

The cost and net book value of equipment is as follows:

Athletic equipment	\$ 110,132
Computer software and equipment	24,687
Uniforms, ice skates, and helmets	75,674
Equipment under capital lease	756,234
	<hr/>
	\$ 966,727

Assets held under capital lease include audio and visual equipment, printers, drivers, computers, hardware and other information technology equipment. The lease agreements are between the City and the Municipal Finance Authority of the Province of British Columbia. The equipment is used solely by the Company and, accordingly, the leased assets are capitalized and the related obligation recorded in the accounts of the Company. The lease payments made by the City are billed to the Company by the City at cost.

7. Obligations under capital leases:

The capital leases have an estimated cost of borrowing ranging from 0.21% to 0.35% per month. The principal and interest payments are as follows:

Total minimum lease payments	\$ 771,383
Imputed interest	(46,099)
	<hr/>
	725,284
Current portion of obligations under capital lease	181,222
	<hr/>
Long term portion of obligations under capital lease	\$ 544,062

As at December 31, 2008, the Company was committed to payments under capital leases as follows:

2009	\$ 181,222
2010	187,229
2011	193,105
2012	163,439
2013 and thereafter	289
	<hr/>
	\$ 725,284

0827805 B.C. LTD.**(dba Richmond Olympic Oval)**

Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

8. Deferred revenue:

Deferred revenue is comprised of:

GOT contributions (a)	\$	805,985
Memberships and lessons to be serviced in 2009		42,747
	\$	848,732

(a) The GOT contributions amount is calculated as follows:

Amounts initially deferred:

2006 Trust income received in December 2007	\$	2,192,493
2007 Trust income received in June 2008		1,949,833
		4,142,326

Less amounts recognized in period:

Pre-incorporation expenses incurred by the City to June 15, 2008 (note 2(a)(ii))		688,164
Expenses incurred June 16 - December 31, 2008		2,648,177
		3,336,341

Deferred portion of GOT contributions	\$	805,985
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Applications have been made to GOT for the 2007 and 2008 Annual Distributable Amounts ("ADA"). GOT has indicated that the 2007 ADA amount of \$2,497,000 has been allocated to the City but will not be paid until the Post Games Operating Agreement among VANOC, GOT and the City is finalized. Similarly, the estimated 2008 ADA amount of \$2,233,000, will not be allocated or paid until the GOT Board of Directors approves the disbursement and the Post- Games Operating Agreement is finalized. The Company will record these amounts as deferred revenue when the above noted conditions have been fulfilled. The Post-Games Operating Agreement is currently being drafted and management expects that it will be finalized in mid 2009.

9. Related party transactions:

The Company leases the Oval from the City for \$1 annually (note 3).

Included within revenue is interest earned on the GOT funds held by the City.

Included within the salaries and benefits expenses is a \$60,000 management fee to the City for the provision of city staff time. Included within the general and administration account is a charge of \$85,130 relating to the costs of City staff time charged to the Company for services performed.

0827805 B.C. LTD.
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Notes to Financial Statements (continued)

Period from commencement of operations on March 1, 2007 to December 31, 2008

10. Pension plan:

The Company and its employees contribute to the Plan, a jointly trustee pension plan. The Board of Trustees of the Plan, representing plan members and employers, is responsible for overseeing the management of the Plan, including the investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next actuarial valuation will be performed as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of any unfunded liability to individual employers. The Company paid \$15,799 for employer contributions to the Plan in the period.

11. Economic dependency:

The Company is financially dependent on receiving funding from GOT and the City.

12. Capital disclosures:

The Company's capital consists of its share capital and retained earnings. The Company's objective when managing capital is to safeguard its assets and to ensure that adequate capital is managed for future requirements. The procedures in place to achieve these goals include establishing effective internal controls, the review and approval of annual budgets, and ongoing review of interim financial statements by the board of directors.



6111 River Road
Richmond, BC V7C 0A2
Telephone: 778-296-1400 • Fax: 778-296-1409
www.richmondoval.ca