



To: Finance Committee

Date: May 9, 2012

From: George Duncan  
Chief Administrative Officer  
& President and CEO,  
Richmond Olympic Oval

File: 01-0060-20-  
ROVA1/2012-Vol 01

Andrew Nazareth  
General Manager, Business and Financial Services  
& Chief Financial Officer, Richmond Olympic Oval

Re: **Richmond Olympic Oval Corporation-2011 Audited Financial Statements**

**Staff Recommendation**

That the report on the 2011 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

George Duncan  
Chief Administrative Officer  
& President and CEO,  
Richmond Olympic Oval

Andrew Nazareth  
General Manager, Business and Financial Services  
& Chief Financial Officer, Richmond Olympic Oval

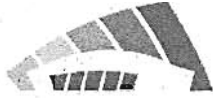
REVIEWED BY TAG

YES



NO





**DATE:** May 16, 2012

**TO:** George Duncan  
Chief Executive Officer, Richmond Olympic Oval Corporation

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
General Manager, Richmond Olympic Oval Corporation

**FROM:** Rick Dusanj, CA  
Controllér, Richmond Olympic Oval Corporation

**Re:** **Richmond Olympic Oval Corporation 2011 audited financial statements**

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**Origin**

Section 7.3 of the Operating Agreement between the City of Richmond (the "City") and the Richmond Olympic Oval Corporation (the "Corporation") requires reporting with respect to business plans, budgets, audited financial statements, and quarterly comparisons of actual results to budget along with projections to fiscal year end. This staff report deals with the 2011 audited financial statements of the Corporation.

**Analysis**

Please see the attachment for the audited financial statements of the Corporation for the year ended December 31, 2011. The Corporation's financial statements are prepared in accordance with Public Sector Accounting Standards.

During the period commencing December 1, 2009 through to March 31, 2010 Vanoc had exclusive use of the Oval for the Olympic and Paralympic Winter Games (the "Games"). In addition, after the Games, the legacy conversion construction project commenced. During these time periods, revenue earning operations ceased.

Statement of Operations and Retained Earnings

The 2011 final audited financial statements have an annual surplus of \$2,214k with revenues of \$10,860k and expenses of \$8,646k.

### Revenues

There was \$2,739k of revenue from the Games Operating Trust ("GOT"). The City applies for and receives funding from the GOT. This amount represents the amount received in 2011. The Oval also received \$3,023k from a contribution from the City. With respect to memberships, admissions and programs the Oval earned \$4,067k of revenue in 2011.

Other revenue of \$1,031k was recognized in 2011 which included mainly parking, space leasing, and sponsorship revenue and sport hosting revenue. Effective July 1, 2011, the sport hosting function from the City was transferred over to the Corporation along with separate funding that is attached to that function through the hotel tax. The funding is recognized as deferred revenue until it is spent at which time the revenue and expense are both recognized.

### Expenses

Total salaries and benefits for 2011 was \$5,346k. There were 43 full-time and 157 part-time employees on the payroll as at December 31, 2011.

Other costs included the following: utilities costs of \$819k relating to the heat, light and power for the Oval, \$527k of amortization costs, \$443k of supply and equipment costs associated with supplies for operating the facilities, including general building maintenance costs, \$327k of costs for property and liability insurance, \$489k of administration costs related to accounting, information technology, office supplies, \$290k of costs related to marketing which included advertising, promotion, printing and sponsor services costs for the Oval's programs, camps, membership sales, \$276k of costs pertaining to running sport and fitness programs as well as the sport hosting function out of the Oval and \$128k of professional fees relating to legal, consulting and audit fees.

### Statement of Financial Position

#### Financial Assets

The Corporation has a cash balance of \$1,431k at year end. The accounts receivable aggregating \$447k resulted primarily from sponsorship fees, leases, sales of memberships, admissions, programs, rentals, special events and HST receivable. The investment balance of \$2,250k represents the Oval's investments invested through the City of Richmond.

#### Financial Liabilities

Accounts payable and accrued liabilities of \$851k include primarily payroll accruals and trade payables for heat, light, power, legal and audit fees and HST payable. The Oval has capital lease obligations for equipment with remaining terms to April 2013. The balance as at December 31, 2011 was \$206k. Deferred revenue of \$1,879k includes unspent funding pertaining to the Sport Hosting function, sponsorship fees, and the pro rata portion of fees received in 2011 for membership and programs to be delivered in 2012. The amount due to the City of \$140k arose in the normal course of business. A rental deposit of \$6k is held as of the end of the year.

Non-Financial Assets

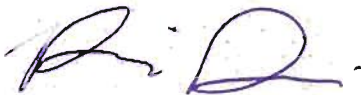
As at December 31, 2011, the Oval had \$662k of tangible capital assets which includes assets under capital lease, athletic equipment, computer software and equipment, facility equipment, etc. Deferred lease costs of \$124k are direct costs incurred in connection with leases and are deferred and amortized over the terms of the lease. Prepaid expenses of \$444k consist of unamortized portions of the premiums on the Oval's insurance policies together with prepaid information technology licences, and equipment maintenance.

Accumulated Surplus

The accumulated surplus as at December 31, 2011 is \$2,278k. Of this amount, \$1,700k has been transferred to the Capital Reserve in 2011 in accordance with the Richmond Oval Agreement between the City and the Oval, \$456k is invested in tangible capital assets and \$122k is the operating surplus balance.

**Summary**

The annual surplus for 2011 was \$2,214k compared to a deficit of \$1,192k in 2010. The total accumulated surplus as of December 31, 2011 is \$2,278k. Of this amount the Corporation has transferred \$1,700k in 2011 to the Capital Reserve in accordance with the Richmond Oval Agreement.



Rick Dusanj, CA  
Controller, Richmond Olympic Oval Corporation

cc: Shana Turner  
Director, Administration & Corporate Services, Richmond Olympic Oval Corporation

Financial Statements of

**RICHMOND OLYMPIC OVAL  
CORPORATION**

Years ended December 31, 2011 and 2010



**KPMG LLP**  
**Chartered Accountants**  
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Burnaby BC V5H 4N2  
Canada

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## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Richmond Olympic Oval Corporation

We have audited the accompanying financial statements of Richmond Olympic Oval Corporation, which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of operations, changes in net financial assets (debt) and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Richmond Olympic Oval Corporation as at December 31, 2011, December 31, 2010 and January 1, 2010 and its results of operations, its changes in net financial assets (debt) and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Accountants

April 27, 2012

Burnaby, Canada

# RICHMOND OLYMPIC OVAL CORPORATION

Statements of Financial Position

December 31, 2011, December 31, 2010 and January 1, 2010

	December 31, 2011	December 31, 2010	January 1, 2010
<b>Financial Assets</b>			
Cash	\$ 1,430,735	\$ 390,901	\$ 1,021,195
Investments (note 4)	2,250,000	-	-
Accounts receivable	447,401	317,468	88,918
	<u>4,128,136</u>	<u>708,369</u>	<u>1,110,113</u>
<b>Financial Liabilities</b>			
Accounts payable and accrued liabilities	851,087	720,965	571,982
Obligations under capital leases (note 7)	205,663	437,553	711,232
Deferred revenue (note 8)	1,879,250	535,525	78,023
Due to City of Richmond (note 9)	139,798	214,775	103,205
Rental deposits	5,513	26,761	-
	<u>3,081,311</u>	<u>1,935,579</u>	<u>1,464,442</u>
Net financial assets (debt)	1,046,825	(1,227,210)	(364,329)
<b>Non-Financial Assets</b>			
Tangible capital assets (note 10)	661,555	823,975	1,178,978
Deferred lease costs (note 11)	123,809	133,319	-
Inventories of supplies	1,885	2,614	2,046
Prepaid expenses and other deposits	444,327	331,213	431,265
	<u>1,231,556</u>	<u>1,291,121</u>	<u>1,610,289</u>
Accumulated surplus (note 12)	<u>\$ 2,278,381</u>	<u>\$ 63,911</u>	<u>\$ 1,255,960</u>

Economic dependence (note 15)

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director



# RICHMOND OLYMPIC OVAL CORPORATION

## Statements of Operations

For the years ended December 31, 2011 and 2010

	2011 Budget	2011	2010
	(unaudited - note3(g))		
Revenue:			
2010 Games Operating Trust Fund (note 6)	\$ 2,500,000	\$ 2,739,398	\$ 2,304,796
Contribution from City of Richmond (note 13)	3,022,500	3,022,500	1,500,000
Memberships, admissions and programs	4,132,921	4,067,266	1,437,025
Other	856,889	1,031,052	180,136
	10,512,310	10,860,216	5,421,957
Expenses:			
Salaries and benefits	5,701,084	5,346,416	3,646,871
Utilities	1,107,750	818,959	821,064
Amortization	498,195	526,964	485,324
Supplies and equipment	673,311	442,954	398,497
Insurance	334,750	326,631	324,342
General and administration	899,342	489,134	406,240
Marketing and sponsorship	406,438	290,330	293,260
Program services	189,657	276,471	101,588
Professional fees	100,820	127,887	136,820
	9,911,347	8,645,746	6,614,006
Annual surplus (deficit)	600,963	2,214,470	(1,192,049)
Accumulated surplus, beginning of year	63,911	63,911	1,255,960
Accumulated surplus, end of year	\$ 664,874	\$ 2,278,381	\$ 63,911

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statements of Changes in Net Financial Assets (Debt)

For the years ended December 31, 2011 and 2010

	2011 Budget	2011	2010
	(unaudited - note 3(g))		
Annual surplus (deficit) for the year	\$ 600,963	\$ 2,214,470	\$ (1,192,049)
Acquisition of tangible capital assets	(344,500)	(364,544)	(132,322)
Amortization of tangible capital assets	498,195	526,964	485,324
	153,695	162,420	353,002
Amortization of deferred lease costs	-	17,002	2,195
Acquisition of inventory of supplies	-	(1,487)	(2,227)
Acquisition of prepaid expense	-	(679,609)	(485,662)
Consumption of inventories of supplies	-	2,236	1,659
Use of prepaid expenses and other deposits	-	566,495	585,715
Additions of deferred leasing costs	-	(7,492)	(135,514)
Change in net financial assets (debt)	754,658	2,274,035	(872,881)
Net debt, beginning of year	(1,227,210)	(1,227,210)	(354,329)
Net financial assets (debt), end of year	\$ (472,552)	\$ 1,046,825	\$ (1,227,210)

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statements of Cash Flows

For the year ended December 31, 2011 and 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 2,214,470	\$ (1,192,049)
Items not involving cash:		
Amortization of tangible capital assets	526,964	485,324
Amortization of deferred lease costs	17,002	2,195
Changes in non-cash operating working capital:		
Accounts receivable	(129,933)	(228,550)
Deferred lease costs	(7,492)	(135,514)
Inventories of supplies	749	(568)
Prepaid expenses and other deposits	(113,114)	100,052
Accounts payable and accrued liabilities	130,122	148,983
Deferred revenue	1,343,725	457,502
Due to the City of Richmond	(74,977)	111,570
	3,907,516	(251,055)
Capital activities:		
Cash used to acquire tangible capital assets	(364,544)	(170,839)
Investing activities		
Purchase of investments	(2,250,000)	-
Financing activities:		
Repayment of obligations under capital leases	(231,890)	(235,161)
Decrease (increase) in rental deposits	(21,248)	26,761
	(253,138)	(208,400)
Increase (decrease) in cash	1,039,834	(630,294)
Cash, beginning of year	390,901	1,021,195
Cash, end of year	\$ 1,430,735	\$ 390,901
Supplementary information:		
Non-cash transaction:		
Provincial sales tax adjustment to assets under capital leases	\$ -	\$ 38,518

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Notes to Financial Statements

For the years ended December 31, 2011 and 2010

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### 1. Incorporation and nature of business:

The Richmond Olympic Oval Corporation (the "Corporation") was incorporated on June 16, 2008 under the Business Corporations Act of British Columbia as a municipal corporation wholly-owned by the City of Richmond (the "City"). On August 10, 2010, the Corporation changed its name from 0827805 B.C. Ltd. to Richmond Olympic Oval Corporation. The business of the Corporation 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 (the "Games").

During the four-month period from December 1, 2009 to March 31, 2010, the Vancouver Organizing Committee for the Games ("VANOC") acquired exclusive use of the Oval for the speed skating events of the Games. The VANOC exclusive use period was immediately followed by the legacy conversion of the Oval into a multi-sport and recreation facility. The conversion was substantially completed by August 31, 2010 and the costs were paid by the City. During these two periods, substantially all Oval revenue-earning operations from membership, admission and programs ceased but certain operating expenses continued to be incurred.

### 2. Adoption of Public Sector Accounting Standards:

On January 1, 2011, the Company adopted Canadian Public Sector Accounting standards ("PSAS"). These financial statements are the first financial statements prepared in accordance with PSAS.

There were no adjustments to accumulated surplus as at January 1, 2010 or annual surplus for the year ended December 31, 2010 as a result of the retrospective application of PSAS.

### 3. Significant accounting policies:

#### (a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

## 3. Significant accounting policies (continued):

### (b) Revenue recognition:

Memberships, admissions and programs fees are recorded as revenue in the period that the services are rendered, with any unearned portion recorded as deferred revenue. Annual distributable amounts and trust income amounts are recognized as revenue when the amounts are approved by 2010 Games Operating Trust (note 6) and when the related operating expenses and capital maintenance costs of the Oval are incurred.

Sponsorship revenues are deferred and amortized to revenue over the term of sponsorship agreements.

### (c) Non-financial assets

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

#### (i) Tangible capital assets:

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis at rates that reflect estimates of the economic lives of the assets over the following periods:

Assets	Rate
Athletic equipment	5 years
Building improvements	5 years
Automobile	5 years
Facility equipment	3 years
Computer software and equipment	3 years
Uniforms, ice skates and helmets	3 years
Signage	3 years

Tenant improvements are amortized over the term of the lease.

#### (ii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Company's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

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## 3. Significant accounting policies (continued):

### (c) Non-financial assets (continued) :

#### (iii) 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 are amortized on a straight-line basis over their estimated useful lives.

#### (iv) Deferred lease costs:

The initial direct costs incurred in connection with leases of rental properties in the Oval are deferred and amortized over the initial term of the leases. Such costs include agent commissions, legal fees, and costs of negotiating the leases.

### (d) Pension plan:

The Corporation and its employees make contributions to the Municipal Pension Plan (the "Plan"). As the Plan is a multi-employer contributory defined benefit pension plan, these contributions are expensed as incurred.

### (e) Income taxes:

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

### (f) Functional and object reporting:

The operations of the Oval are comprised of a single function, operations related to sport, fitness and recreation. As a result, the expenses of the Oval are presented by object in the statement of operations.

### (g) Budget data:

The unaudited budget data presented in these financial statements is based upon the 2011 budget approved by the Board of Directors on February 8, 2011.

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that could 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 revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of valuation of accounts receivable, useful lives of tangible capital assets for amortization, and deferred lease costs. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are recorded in earnings in the year in which they become known.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

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#### 4. Investments:

Investments represent term deposits purchased on March 21, 2011 with a maturity date of March 20, 2012.

#### 5. Richmond Oval Agreement:

The Corporation is party to the Richmond Oval Agreement (the "Agreement") with the City, which had an effective date of July 1, 2008. The Agreement established the terms and conditions of the relationship between the City and the Corporation.

#### 6. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for 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 GOT and the 2010 Games Operating Trust Society (the "Society") became the trustee of 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.

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%).

Effective April 21, 2009, the City entered into an agreement with VANOC. The agreement details the terms and conditions to which the City is required to adhere in order to receive funding from GOT. When VANOC ceases to exist after the Games, the agreement will be assigned to GOT or, with the consent of the City, to another party. As of the reporting date, VANOC has not dissolved and the agreement has not yet been assigned to GOT.

Funds from GOT are paid to the City, the funds are then paid to the Corporation.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

## 6. 2010 Games Operating Trust Fund (continued):

Revenue from GOT is comprised of:

	2011	2010
2009 annual distributable amount approved and received in 2010	\$ -	\$ 2,304,796
2010 annual distributable amount approved and received in 2011	2,739,398	-
	<u>\$ 2,739,398</u>	<u>\$ 2,304,796</u>

## 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 as at December 31, 2011, December 31, 2010 and January 1, 2010 are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Total minimum lease payments	\$ 208,445	\$ 449,720	\$ 739,365
Imputed interest	(2,782)	(12,167)	(28,133)
Obligations under capital leases	<u>\$ 205,663</u>	<u>\$ 437,553</u>	<u>\$ 711,232</u>

As at December 31, 2011, the Corporation was committed to payments under capital leases as follows:

2012	\$ 199,928
2013	8,517
	<u>\$ 208,445</u>

## 8. Deferred revenue:

	2011	2010
Balance, beginning of year	\$ 535,525	\$ 78,023
Add: additions	6,442,043	2,074,663
Less: revenue recognized	(5,098,318)	(1,617,161)
Balance, end of year	<u>\$ 1,879,250</u>	<u>\$ 535,525</u>



# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

## 8. Deferred revenue (continued):

Deferred revenue comprises of:

	December 31, 2011	December 31, 2010	January 1, 2010
Memberships and programs to be serviced in next fiscal year	\$ 537,041	\$ 267,752	\$ 78,023
Sponsorship fees	408,333	246,525	-
Rental deposit	-	21,248	-
Sport Hosting funding (note 13)	933,876	-	-
	<u>\$ 1,879,250</u>	<u>\$ 535,525</u>	<u>\$ 78,023</u>

## 9. Due to the City of Richmond:

The amount due to the City of Richmond arises in the normal course of business and is non-interest bearing with no stated repayment terms.

## 10. Tangible capital assets:

Cost	Balance at January 1, 2011	Additions	Balance at December 31, 2011
Assets under capital lease	\$ 905,888	\$ -	\$ 905,888
Athletic equipment	480,332	212,603	692,935
Computer software and equipment	152,672	23,711	176,383
Uniforms, ice skates, and helmets	96,211	30,627	126,838
Building improvements	-	26,727	26,727
Facility equipment	-	63,343	63,343
Signage	36,351	7,533	43,884
Automobile	23,158	-	23,158
Tenant improvements	16,979	-	16,979
	<u>\$ 1,711,591</u>	<u>\$ 364,544</u>	<u>\$ 2,076,135</u>

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

## 10. Tangible capital assets (continued):

Accumulated amortization	Balance at January 1, 2011	Amortization expense	Balance at December 31, 2011
Assets under capital lease	\$ 584,524	\$ 289,317	\$ 873,841
Athletic equipment	155,813	117,172	272,985
Computer software and equipment	54,882	55,041	109,923
Uniforms, ice skates, and helmets	60,239	36,521	96,760
Building improvements	-	4,847	4,847
Facility equipment	-	6,599	6,599
Signage	14,273	12,535	26,808
Automobile	1,930	4,632	6,562
Tenant improvements	15,955	300	16,255
	\$ 887,616	\$ 526,964	\$ 1,414,580

Cost	Balance at January 1, 2010	Net additions	Balance at December 31, 2010
Assets under capital lease	\$ 944,406	\$ (38,518)	\$ 905,888
Athletic equipment	406,564	73,768	480,332
Computer software and equipment	87,575	65,097	152,672
Uniforms, ice skates, and helmets	89,922	6,289	96,211
Signage	33,824	2,527	36,351
Automobile	-	23,158	23,158
Tenant improvements	16,979	-	16,979
	\$ 1,579,270	\$ 132,321	\$ 1,711,591

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

## 10. Tangible capital assets (continued):

	Balance at January 1, 2010	Amortization expense	Balance at December 31, 2010
Accumulated amortization			
Assets under capital lease	\$ 280,342	\$ 304,182	\$ 584,524
Athletic equipment	65,471	90,342	155,813
Computer software and equipment	17,421	37,461	54,882
Uniforms, ice skates, and helmets	28,167	32,072	60,239
Signage	2,819	11,454	14,273
Automobile	-	1,930	1,930
Tenant improvements	8,072	7,883	15,955
	\$ 402,292	\$ 485,324	\$ 887,616
	Net book value January 1, 2010	Net book value December 31, 2010	Net book value December 31, 2011
Assets under capital lease	\$ 664,064	\$ 321,364	\$ 32,047
Athletic equipment	341,093	324,519	419,950
Computer software and equipment	70,154	97,790	66,460
Uniforms, ice skates, and helmets	61,755	35,972	30,078
Building improvements	-	-	21,880
Facility equipment	-	-	56,744
Signage	31,005	22,078	17,076
Automobile	-	21,228	16,596
Tenant improvements	8,907	1,024	724
	\$ 1,176,978	\$ 823,975	\$ 661,555

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.

Assets under capital lease include audio and visual equipment, printers, drivers, computer 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 Corporation and, accordingly, the leased assets are capitalized and the related obligation recorded in the accounts of the Corporation. The lease payments made by the City are charged at cost to the Corporation.

There was no write down of tangible capital assets during the year (2010 - nil).

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

## 11. Deferred lease costs:

	2011	2010
Balance, beginning of year	\$ 133,319	\$ -
Add: additions	7,492	135,514
Less: amortization	(17,002)	(2,195)
Balance, end of year	\$ 123,809	\$ 133,319

## 12. Accumulated surplus:

	December 31, 2011	December 31, 2010	January 1, 2010
Share capital (a)	\$ 1	\$ 1	\$ 1
Capital reserve (b)	1,700,000	-	-
Operating surplus (deficit)	122,488	(322,512)	790,213
Invested in tangible capital assets	455,892	386,422	465,746
	\$ 2,278,381	\$ 63,911	\$ 1,255,960

### (a) Share capital:

Authorized:

Unlimited number of common shares without par value

Issued:

One common share for cash of \$1

### (b) In accordance with the Agreement, the City has allocated \$1.7 million as a capital reserve.

Subsequent to 2011, the amount of the allocation to the capital reserve will be determined by the Capital Works Committee.

## 13. Related party transactions:

The Corporation leases the Oval from the City for \$1 annually (note 5).

Included in general and administration expenses is a management fee of \$60,000 to the City for the provision of city staff time in fiscal year 2011 (2010 - \$30,000).

In 2011, \$84,288 of salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed. In 2010, included in salaries and benefits expense was a charge of \$42,515 relating to the costs of City staff time charged to the Corporation for services performed.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

For the years ended December 31, 2011 and 2010

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## 13. Related party transactions (continued):

Included as a reduction to other revenue is \$39,919 pertaining to management fees paid to the City for services performed pertaining to the parking revenue in 2011.

In accordance with the Agreement, the City will provide, for the first fifteen years of the term, financial support as agreed between the City and the Corporation 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's Consumer Price Index. After fifteen years, any financial assistance from the City will be determined by the City in its sole discretion. During 2011, the Corporation received a contribution from the City of \$3,022,500 (2010 - \$1,500,000).

Effective July 1, 2011, the Sport Hosting function of the City was transferred to the Corporation. This function is fully funded by the hotel tax. In 2011, \$1,091,565 was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2011, \$933,876 was included in deferred revenue (note 8) and \$157,689 was recognized in other revenue on the statement of operations.

## 14. Pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan, a jointly trustee pension plan. The Plan's Board of Trustees, 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 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 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, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next actuarial valuation will be performed as at December 31, 2012 with results available in 2013.

During the current fiscal year, the Corporation paid \$192,337 (2010 - \$140,257) as employer contributions to the Pension Plan.

## 15. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT and the City.