

to: Mayor and Councillors ("the Shareholder")

copy: TAG, John Mills, Shana Turner, Gerry De Cicco

from: George Duncan, President & CEO
Richmond Olympic Oval Corporation

date: June 14, 2012

re: **Notice to the Shareholder of the 2012 AGM of Richmond Olympic Oval Corporation**

Attached herein are the agenda items for the AGM of the Richmond Olympic Oval Corporation to be held on June 25, 2012 before the Regular Council meeting at the Richmond City Hall.

- Appendix A - Notice of AGM, to be sent at least 10 days prior to the AGM to:
- the City;
 - each member of the Board; and
 - the auditors
- Appendix B - 2011 Audited Financial Statements
- Appendix C - Consent Resolutions of the Shareholder, consenting to the resolutions required to be passed at the AGM, including:
- The appointment of Directors
 - The appointment of Auditors
- Appendix D - Notice of Appointment of Auditor
- Appendix E - 2011 Annual Report



George Duncan
President & CEO

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APPENDIX A

RICHMOND OLYMPIC OVAL CORPORATION

Notice of Annual General Meeting

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Shareholder of:

Richmond Olympic Oval Corporation
(the "**Corporation**")

will be held on Monday June 25, 2012 before the Regular Council meeting at the Richmond City Hall, 6911 No. 3 Road, Richmond, British Columbia for the following purposes:

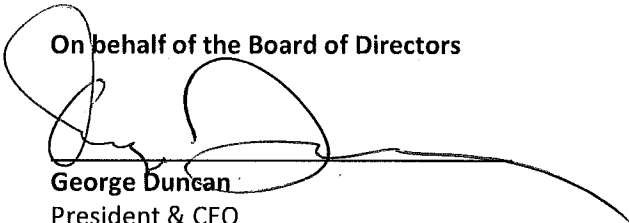
1. to acknowledge and confirm previous receipt of the audited financial statements of the Corporation for the fiscal year ended December 31, 2011 and the report of the auditors thereon;
2. to elect directors to the board of directors of the Corporation (the "**Board**");
3. to appoint auditors of the Corporation for the 2012 fiscal year and to authorize the Board to fix the auditors' remuneration;
4. to acknowledge and confirm previous receipt of the Corporation's 2011 Annual Report; and
5. to transact such other business as may be properly brought before the meeting.

The board of directors of the Corporation has fixed the close of business on June 25, 2012 as the record date for determining the names of the shareholders who are entitled to vote at the meeting.

The audited financial statements of the Corporation for the period from January 1, 2011 to December 31, 2011 and the report of the auditors thereon are attached to this Notice of Annual General Meeting.

Dated this June 14, 2012.

On behalf of the Board of Directors



George Duncan
President & CEO

APPENDIX B

RICHMOND OLYMPIC OVAL CORPORATION

2011 Audited Financial Statements

Financial Statements of

**RICHMOND OLYMPIC OVAL
CORPORATION**

Years ended December 31, 2011 and 2010



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

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

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.

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

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 |
|---|----------------------|----------------------|--------------------|
| Financial Assets | | | |
| Cash | \$ 1,430,735 | \$ 390,901 | \$ 1,021,195 |
| Investments (note 4) | 2,250,000 | - | - |
| Accounts receivable | 447,401 | 317,468 | 88,918 |
| | 4,128,136 | 708,369 | 1,110,113 |
| Financial Liabilities | | | |
| 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 | - |
| | 3,081,311 | 1,935,579 | 1,464,442 |
| Net financial assets (debt) | 1,046,825 | (1,227,210) | (354,329) |
| Non-Financial Assets | | | |
| Tangible capital assets (note 10) | 661,555 | 823,975 | 1,176,978 |
| Deferred lease costs (note 11) | 123,809 | 133,319 | - |
| Inventories of supplies | 1,865 | 2,614 | 2,046 |
| Prepaid expenses and other deposits | 444,327 | 331,213 | 431,265 |
| | 1,231,556 | 1,291,121 | 1,610,289 |
| Accumulated surplus (note 12) | \$ 2,278,381 | \$ 63,911 | \$ 1,255,960 |

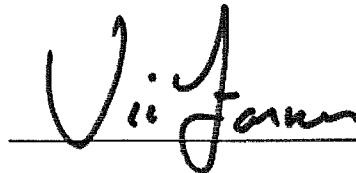
Economic dependence (note 15)

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 (unaudited - note3(g)) | 2011 | 2010 |
|--|---------------------------------------|--------------|--------------|
| 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 (unaudited - note 3(g)) | 2011 | 2010 |
|--|--|--------------|----------------|
| 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

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

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

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 | - | - |
| | \$ 1,879,250 | \$ 535,525 | \$ 78,023 |

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 |
| | \$ 1,711,591 | \$ 364,544 | \$ 2,076,135 |

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, 2011 | Amortization expense | Balance at December 31, 2011 |
|-----------------------------------|----------------------------------|-------------------------|------------------------------------|
| Accumulated amortization | | | |
| 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

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.

APPENDIX C

RICHMOND OLYMPIC OVAL CORPORATION

Unanimous Consent Resolutions of the Shareholder

**UNANIMOUS CONSENT RESOLUTIONS OF THE SHAREHOLDER OF
RICHMOND OLYMPIC OVAL CORPORATION**
(the "Company")
(in lieu of the annual general meeting)

The undersigned, being the Shareholder of the Company entitled to vote at an annual general meeting, hereby consents to and adopts in writing the following resolutions:

RESOLVED THAT:

1. the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2011 to December 31, 2011, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 27, 2012 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on June 4, 2012;

2. the number of directors of the Company is hereby fixed at a maximum of 10;

3. The shareholder acknowledges that the following directors are currently serving a 2 year term and will continue to serve as directors for the coming year:

| | |
|------------------------|----------------|
| Edward Michael O'Brien | Dennis Skulsky |
| Moray Keith | George Duncan |

4. in accordance with Article 14.1 of the Company's Articles, the following persons, each of whom has consented in writing to act as a director, are hereby elected as directors of the Company, to hold office for the term ending immediately prior to the election or appointment of directors at the annual general meeting of the Company held in the year set out opposite their name below:

| | |
|--------------------|-------------|
| <u>Name</u> | <u>Term</u> |
| Linda Sanderson | 2013 |
| Victor John Farmer | 2013 |
| Umendra Mital | 2014 |
| Wayne Duzita | 2014 |

5. KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors;
6. the 2011 Annual Report of the Company is hereby received; and
7. June 25, 2012 be and is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of June 25, 2012.

CITY OF RICHMOND

Per: _____

APPENDIX D

RICHMOND OLYMPIC OVAL CORPORATION

Notice of Appointment of Auditor

NOTICE OF APPOINTMENT OF AUDITOR

TO: KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400- 4720 Kingsway
Burnaby, British Columbia
V5H 4N2

Pursuant to Section 204(6) of the British Columbia *Business Corporations Act*, notice is hereby given of your appointment as auditor of Richmond Olympic Oval Corporation, to hold office until the close of the next annual reference date of the Company, or until a successor is appointed.

DATED as of June 25, 2012.

RICHMOND OLYMPIC OVAL
CORPORATION

Per: _____

APPENDIX E

RICHMOND OLYMPIC OVAL CORPORATION

2011 Annual Report