



City of Richmond

Report to Committee

To: Finance Committee

Date: April 22, 2022

From: George Duncan
Chief Administrative Officer

File:

Rick Dusanj, CPA, CA
Director, Finance, Innovation &
Technology, Richmond Olympic Oval
Corporation

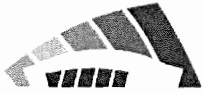
**Re: Richmond Olympic Oval Corporation 2021 Audited Financial
Statements**

Staff Recommendation

That the report on the 2021 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

George Duncan
Chief Administrative Officer

Rick Dusanj, CPA, CA
Director, Finance, Innovation & Technology
Richmond Olympic Oval Corporation



DATE: April 21, 2022

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

FROM: Rick Dusanj, CPA, CA
Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation 2021 audited financial statements**

Origin

This staff report addresses the Richmond Olympic Oval Corporation's (the "Corporation") 2021 audited financial statements (attachment #1) which were unanimously approved by the Corporation's Board of Directors ("BOD") on April 20, 2022, as well as an update on the 4th quarter ("Q4").

During Q4 the Corporation continued its gradual restoration of services approach to the COVID-19 pandemic. With safety and community health as our guiding principles, the Corporation remained agile and continued to make operational adjustments to adhere to evolving provincial health orders and province wide restrictions. Below are some of the highlights of the activities undertaken by the Corporation during Q4.

Q4 Highlights

Community Use

In Q4 2021, additional restrictions on adult fitness activities, sporting events and tournaments, and gatherings were put in place by the Public Health Officer. In accordance with these restrictions, the Oval made the appropriate changes to its operations, temporarily suspending group fitness classes and access to the fitness centre beginning December 23, 2021, and postponing tournaments and events into 2022. Even with these restrictions in place at the end of the quarter, the Oval realized success in their program registration.

The Corporation's youth sport programs continued to prove popular in the community. Oval Learn to Skate private and group lessons garnered 1,300 registrations, while Climbing Programs also experienced a successful quarter, with 234 participants registered.

In Q4, numerous community groups utilized the Oval to operate their programs and services for ages ranging from tots to seniors. These programs and services include the following sports: aikido, badminton,

baseball, basketball, figure skating, gymnastics, hockey, karate, rowing, soccer, speedskating, table tennis and volleyball.

In accordance with the Richmond Oval Agreement between the City of Richmond (“City”) and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere. As in previous quarters, community group use continued to constitute the majority of Oval usage in Q4.

Sport Development and Events

Due to COVID-19 and the restrictions outlined in the Provincial Health Order, events scheduled to take place in Q4 at the Oval have been limited, altered or postponed. Events that took place in a limited or altered way included: Volleyball Canada High School Tournament, North American Climbing Cup Series, Taekwondo Provincials, Western Canadian Powerlifting Championships, WC Rugby National Team Training, Karate BC Provincials, Pinnacle Cheer Pink Cheerleading Championships, Senior Boys Volleyball Provincials and Monster Futsal Tournament. The postponed events were re-scheduled for 2022 and 2023. Some of the future new events secured in Q4 by Events and Sport Hosting included: Speed and Lead Climbing Nationals, BC School Sports AAA Boys Provincial Volleyball Championships, 2022 Elite Canada Competition in Rhythmic Gymnastics and BC Wheelchair Basketball National Festival.

National and Provincial Team training that took place during Q4 included the following groups: Volleyball Canada Women’s National Excellence Program, Field Hockey Canada Men’s Team, Wheelchair Rugby Canada, Badminton BC, Wheelchair Basketball Canada and BC Wheelchair Sport Association.

Governance

Meetings of the Corporation’s Audit & Finance Committee, Business Planning Committee and the Board of Directors took place during Q4.

2021 Audited Financial Statements

Please see attachment #1 for the audited financial statements of the Corporation for the year ended December 31, 2021. The comments below refer to figures included in the audited financial statements.

Independent Auditors Report

The Corporation received an unqualified audit opinion, which means that the auditor has concluded that the financial statements are presented fairly in accordance with Canadian public sector accounting standards.

Statement of Financial Position

The total financial assets of the Corporation were \$13.4M, with liabilities of \$7.5M, and non-financial assets of \$12.8M as of December 31, 2021. The total financial assets of \$13.4M primarily included investments of

\$11.6M which represents the Corporation's investments placed through the City, an accounts receivable balance of \$0.3M and a cash balance of \$1.4M. The total liabilities of \$7.5M primarily included accounts payable and accrued liabilities of \$1.8M and deferred revenue of \$5.6M. The non-financial assets of the Corporation of \$12.8M included \$12.1M of tangible capital assets and \$0.7M of prepaid expenses.

Statement of Operations

The 2021 audited financial statements have a surplus of \$1.9M before amortization and transfers to reserves, which represents a favorable variance of \$1.7M when compared to budget and an increase of \$1.0M compared to the prior year. Total revenues for 2021 were \$14.2M, and total expenses in 2021 before amortization were \$12.3M.



Rick Dusanj, CPA, CA

Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation

Financial Statements of

**RICHMOND OLYMPIC OVAL
CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Richmond Olympic Oval Corporation

Opinion

We have audited the financial statements of the Richmond Olympic Oval Corporation (the "Corporation"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the 2021 annual report.



Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2021 annual report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 20, 2022

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Financial Position


December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	\$ 1,358,636	\$ 2,107,288
Investments (note 3)	11,576,894	11,610,136
Accounts receivable	331,912	374,632
Due from City of Richmond (note 4)	-	14,756
Inventories held for resale	139,566	154,078
	<u>13,407,008</u>	<u>14,260,890</u>
Liabilities		
Accounts payable and accrued liabilities	1,847,650	1,922,397
Deferred revenue (note 6)	5,624,365	5,495,607
Due to City of Richmond (note 4)	8,515	-
Rental deposits	7,373	7,373
	<u>7,487,903</u>	<u>7,425,377</u>
Net financial assets	5,919,105	6,835,513
Non-Financial Assets		
Tangible capital assets (note 7)	12,146,220	11,687,489
Prepaid expenses and other deposits	702,300	130,025
	<u>12,848,520</u>	<u>11,817,514</u>
Accumulated surplus (note 8)	<u>\$ 18,767,625</u>	<u>\$ 18,653,027</u>

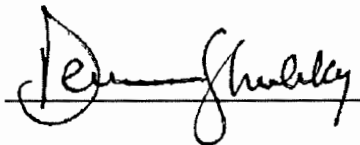
Economic dependence (note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 2(h))	2021	2020
Revenue:			
2010 Games Operating Trust Fund (note 5)	\$ 3,725,000	\$ 3,928,165	\$ 2,957,347
Contribution from City of Richmond (note 10(a))	3,669,885	3,669,885	3,597,926
Memberships, admissions and programs	4,294,411	5,472,453	3,723,781
Other (note 14)	1,320,973	1,135,930	1,475,249
	<u>13,010,269</u>	<u>14,206,433</u>	<u>11,754,303</u>
Expenses:			
Salaries and benefits	8,726,354	8,802,318	7,429,863
Utilities	903,566	919,381	778,798
Amortization	2,000,000	1,738,703	1,668,641
Supplies and equipment	904,019	663,344	805,047
Insurance	500,000	514,280	421,436
General and administration	790,328	516,603	598,856
Marketing	234,314	184,917	197,471
Program services	720,771	704,324	613,350
Professional fees	65,057	47,965	71,872
	<u>14,844,409</u>	<u>14,091,835</u>	<u>12,585,334</u>
Annual surplus (deficit)	(1,834,140)	114,598	(831,031)
Accumulated surplus, beginning of year	18,653,027	18,653,027	19,484,058
Accumulated surplus, end of year	<u>\$ 16,818,887</u>	<u>\$ 18,767,625</u>	<u>\$ 18,653,027</u>

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021	2020
	(Note 2(h))		
Annual surplus (deficit), for the year	\$ (1,834,140)	\$ 114,598	\$ (831,031)
Acquisition of tangible capital assets	(818,100)	(2,200,995)	(2,371,257)
Loss (gain) on sale of tangible capital assets	-	3,561	(500)
Proceeds on sale of tangible capital assets	-	-	500
Amortization of tangible capital assets	2,000,000	1,738,703	1,668,641
	1,181,900	(458,731)	(702,616)
Amortization of deferred lease costs	-	-	14,346
Acquisition of prepaid expenses and other deposits	-	(1,326,451)	(413,635)
Use of prepaid expenses and other deposits	-	754,176	731,415
Change in net financial assets	(652,240)	(916,408)	(1,201,521)
Net financial assets, beginning of year	6,835,513	6,835,513	8,037,034
Net financial assets, end of year	\$ 6,183,273	\$ 5,919,105	\$ 6,835,513

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 114,598	\$ (831,031)
Items not involving cash:		
Amortization of tangible capital assets	1,738,703	1,668,641
Loss (gain) on sale of tangible capital assets	3,561	(500)
Amortization of deferred lease costs	-	14,346
Changes in non-cash operating working capital:		
Accounts receivable	42,720	231,258
Due from (to) the City of Richmond	23,271	139,095
Inventories held for resale	14,512	(22,953)
Prepaid expenses and other deposits	(572,275)	317,780
Accounts payable and accrued liabilities	(74,747)	254,904
Deferred revenue	128,758	(331,401)
	1,419,101	1,440,139
Capital activities:		
Acquisition of tangible capital assets	(2,200,995)	(2,371,257)
Proceeds on sale of tangible capital assets	-	500
	(2,200,995)	(2,370,757)
Investing activities:		
Net redemption of investments	33,242	1,759,494
	33,242	1,759,494
Increase (decrease) in cash	(748,652)	828,876
Cash, beginning of year	2,107,288	1,278,412
Cash, end of year	\$ 1,358,636	\$ 2,107,288

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

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"). 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").

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and continues to have an impact. This has resulted in Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The economic situation is dynamic and the ultimate duration and magnitude of the impact on the economy and to the Corporation is not fully known at this time. Management will continue to monitor the on-going financial impact on the Corporation.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

(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 the 2010 Games Operating Trust (note 5) and when the related operating expenses and capital maintenance costs of the Oval are incurred. Any amounts received but not yet spent are recognized as deferred revenue.

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

Restricted contributions are deferred and recognized as revenue when the resources are used for the purposes specified by the related agreement.

(c) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or amortized cost instrument. The Corporation holds financial instruments consisting of accounts receivables, due from City of Richmond, and term deposits that mature within one year. Due to the short-term nature of these assets, their fair values approximate book value.

The Corporation does not have any financial instruments required or elected to be subsequently recorded at fair value. As there are no financial instruments carried at fair value, the statement of remeasurement gains and losses has not been prepared.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

2. Significant accounting policies (continued):

(d) 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 initially 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 - 10 years
Building improvements	5 years
Computer software and equipment	3 years
Facility equipment	3 years
Infrastructure	40 years
Signage	3 years
Simulators and exhibit fabrication	10 years
Tenant improvements	Term of the lease
Uniforms, ice skates and helmets	3 years

Work-in-progress ("WIP") assets are not amortized until the asset is available for use.

(ii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation'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.

(e) 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.

(f) Income taxes:

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

(g) Functional and object reporting:

The operations of the Corporation are comprised of a single function, which includes sports, fitness, and recreation. As a result, the expenses of the Corporation are presented by object in the statement of operations.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

2. Significant accounting policies (continued):

(h) Budget data:

The budget data presented in these financial statements is based upon the 2021 budget approved by the Board of Directors on February 18, 2021.

(i) 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. Areas requiring the use of management estimates relate to the determination of valuation of accounts receivable and useful lives of tangible capital assets for amortization. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are recorded in surplus (deficit) in the year in which they become known.

(j) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

3. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	2021	2020
March 25, 2021	March 25, 2022	\$ 2,500,000*	\$ -
May 25, 2021	May 25, 2022	2,570,383*	-
June 30, 2021	June 30, 2022	2,578,346*	-
July 14, 2021	July 14, 2022	3,928,165*	-
January 14, 2020	January 14, 2021	-	1,582,278*
February 7, 2020	February 8, 2021	-	3,500,000*
May 25, 2020	May 25, 2021	-	3,000,000*
June 30, 2020	June 30, 2021	-	2,527,858*
December 21, 2020	June 21, 2021	-	1,000,000
		\$ 11,576,894	\$ 11,610,136

The interest rate of the term deposits ranges from 1.00% to 1.50% (2020 - 0.75% to 2.65%).

* Investments held by the City of Richmond on behalf of the Corporation, with income earned fully attributable to the Corporation.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

4. Due from/to City of Richmond:

The amounts due from/to the City of Richmond arise in the normal course of business and are unsecured, and non-interest bearing with no stated repayment terms.

5. 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 ("GOT"), 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 GOT, the City, as owner of the Oval, became a beneficiary of the GOT and became responsible for complying with obligations set by the Society and GOT in order to receive funding.

Effective December 31, 2007:

- (a) the Society Board divided the Fund into three funds: the Speed Skating Oval Fund; the Whistler Sliding Centre and Nordic Centre Fund; and the Contingency Fund; and
- (b) the Society Board divided the capital and any accumulated but undistributed income of the Fund 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 the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ("VANOC"). The agreement details the terms and conditions to which the City is required to adhere in order to receive funding from GOT. Effective September 1, 2011, VANOC assigned the agreement to the Society.

Funds from GOT are paid to the City first and the City distributes the funds to the Corporation. Revenue from GOT is comprised of:

	2021	2020
2020 annual distributable amount approved and received in 2021	\$ 3,928,165	\$ -
2019 annual distributable amount approved and received in 2020	-	2,957,347
	<u>\$ 3,928,165</u>	<u>\$ 2,957,347</u>

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

6. Deferred revenue:

	2021	2020
Balance, beginning of year	\$ 5,495,607	\$ 5,827,008
Add: amounts received	6,737,141	4,867,629
Less: revenue recognized	(6,608,383)	(5,199,030)
Balance, end of year	\$ 5,624,365	\$ 5,495,607

Deferred revenue comprises of:

	2021	2020
Memberships and programs	\$ 1,058,726	\$ 967,521
Sponsorship fees	73,000	70,683
Sport Hosting funding (note 10(b))	754,223	554,090
Richmond Olympic Experience (note 10(b))	3,738,416	3,903,313
	\$ 5,624,365	\$ 5,495,607

7. Tangible capital assets:

	Balance December 31, 2020	Additions	Disposals	Balance December 31, 2021
Athletic equipment	\$ 3,975,499	\$ 76,652	\$ (7,122)	\$ 4,045,029
Building improvements	2,359,711	620,834	-	2,980,545
Computer software and equipment	3,192,920	331,669	-	3,524,589
Facility equipment	1,283,926	112,020	-	1,395,946
Infrastructure	5,880,940	-	-	5,880,940
Signage	178,527	5,309	-	183,836
Simulators and exhibit fabrication	3,863,512	9,401	-	3,872,913
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	348,249	22,751	-	371,000
WIP projects	1,427,623	1,022,359	-	2,449,982
	\$ 22,576,636	\$ 2,200,995	\$ (7,122)	\$ 24,770,509

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

7. Tangible capital assets (continued):

	Balance December 31, 2020	Amortization expense	Disposals	Balance December 31, 2021
Athletic equipment	\$ 2,331,273	\$ 299,750	\$ (3,561)	\$ 2,627,462
Building improvements	1,424,672	446,047	-	1,870,719
Computer software and equipment	2,757,878	290,151	-	3,048,029
Facility equipment	1,142,647	102,894	-	1,245,541
Infrastructure	757,023	147,023	-	904,046
Signage	139,171	16,344	-	155,515
Simulators and exhibit fabrication	1,949,527	411,364	-	2,360,891
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	321,227	25,130	-	346,357
	\$ 10,889,147	\$ 1,738,703	\$ (3,561)	\$ 12,624,289

	2021 Net book value	2020 Net book value
Athletic equipment	\$ 1,417,567	\$ 1,644,226
Building improvements	1,109,826	935,039
Computer software and equipment	476,560	435,042
Facility equipment	150,405	141,279
Infrastructure	4,976,894	5,123,917
Signage	28,321	39,356
Simulators and exhibit fabrication	1,512,022	1,913,985
Uniforms, ice skates and helmets	24,643	27,022
WIP projects	2,449,982	1,427,623
	\$ 12,146,220	\$ 11,687,489

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.

There was no write-down of tangible capital assets during the year (2020 - nil).

8. Accumulated surplus:

	2021	2020
Accumulated surplus is comprised of:		
Share capital	\$ 1	\$ 1
Capital reserve	8,100,246	7,809,594
Other reserves/provisions	1,558,557	1,617,318
Operating surplus	605,776	605,050
Invested in tangible capital assets	8,503,045	8,621,064
	\$ 18,767,625	\$ 18,653,027

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

9. Financial risk management:

The Corporation has exposure to the following risks from the use of financial instruments: credit risk, market risk, and liquidity risk. The Board of Directors ensures that the Corporation has identified its major risks and ensures that the management monitors and controls them.

(a) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of account receivables and investments. The Corporation assesses these financial assets on a continuous basis for any amounts that are not collectible or realizable.

It is management's opinion that the Corporation is not exposed to significant credit risk from its financial instruments.

(b) Market and interest rate risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporation's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return of risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rate.

It is management's opinion that the Corporation is not exposed to significant market or interest rate risk from its financial instruments.

(c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages liquidity risks by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

It is management's opinion that the Corporation is not exposed to significant liquidity risk.

There have been no changes in risk disclosures since 2020.

10. Related party transactions:

(a) City of Richmond:

The Corporation leases the Oval from the City for \$1 annually.

In 2021, \$34,458 (2020 - \$244,387) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

In 2021, \$25,000 (2020 - \$100,000) of salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

10. Related party transactions (continued):

(a) City of Richmond (continued):

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. In accordance with the Agreement, the City will provide, for the first 15-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 \$1,500,000 per year indexed at the City of Vancouver's Consumer Price Index. After 15-years, any financial assistance from the City will be determined by the City in its sole discretion.

During 2021, the Corporation received a contribution from the City of \$3,669,885 (2020 - \$3,597,926) (note 15).

(b) Sport Hosting Function:

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 2021, \$325,000 (2020 - \$258,804) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2021, \$754,223 (2020 - \$554,090) has been included in deferred revenue (note 6) and during 2021, \$124,867 (2020 - \$178,582) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

In previous years, the Corporation received hotel tax funding restricted for the purpose of purchasing tangible capital assets related to the Richmond Olympic Experience project. In order to retain the funding received in prior years, the Corporation must maintain and operate the tangible capital assets purchased with these funds over the life of the tangible capital assets. On an annual basis, the Corporation must provide a report to the City as to the use of the funds and the maintenance and operation of these tangible capital assets. As at year-end, \$3,738,416 (2020 - \$3,903,313) of the funds restricted for the purchase of tangible capital assets for the Richmond Olympic Experience remains in deferred revenue and the revenue will be recognized over the life of the underlying assets.

11. Pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

11. Pension plan (continued):

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as of December 31, 2018, indicated a \$2,866,000,000 funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Corporation paid \$524,491 (2020 - \$514,303) for employer contributions to the Plan in fiscal 2021.

12. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT (note 5) and the City (note 10).

13. Contractual rights:

Contractual rights are right to economic resources arising from contracts or agreements that will result in revenues and assets in the future and are not yet recorded in the financial statements. The Corporation has contractual rights to receive sponsorship revenue and lease revenue over the next four years in the following total amounts:

2022	\$ 319,840
2023	38,176
2024	28,487
2025	2,300

In addition, the Corporation receives funding from the City (note 10(a)) and from the GOT (note 5).

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

14. Other revenue:

Other revenue consists primarily of sponsorship revenue, leasing revenue, parking fees, and interest income.

15. Government transfers:

Government transfers are received for operating and capital activities. During 2021, the Corporation received an operating transfer of \$3,669,885 (2020 - \$3,597,926) (note 10) from the City.