



City of Richmond

Report to Committee

To: Finance Committee

Date: April 25, 2024

From: Jerry Chong
General Manager, Finance & Corporate Services

File: 03-1200-09/2024-Vol
01

**Re: Richmond Olympic Oval Corporation 2023 Audited Financial
Statements**

Staff Recommendation

That the report on the 2023 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

Jerry Chong
General Manager
Finance & Corporate Services
(604-276-4064)

REPORT CONCURRENCE
APPROVED BY CAO  _____

DATE: April 25, 2024

TO: Serena Lusk
Chief Administrative Officer, City of Richmond

Jerry Chong
General Manager, Finance & Corporate Services, City of Richmond

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

Re: **Richmond Olympic Oval Corporation 2023 audited financial statements**

Origin

This staff report addresses the Richmond Olympic Oval Corporation's (the "Corporation") 2023 audited financial statements (attachment #1) which were unanimously approved by the Corporation's Board of Directors ("BOD") on April 24, 2024, as well as an update on the 4th quarter ("Q4").

Q4 Highlights

The following are some of the highlights of the activities undertaken by the Corporation during Q4.

Community Use

In Q4 2023, Oval members continued to be engaged and active, with an average of 26,000 monthly member visits. The Oval provided vital access to facilities for community groups and youth athletes to deliver programs and services for ages ranging from tots to seniors. These programs and services included but were not limited to, the following sports: badminton, baseball, basketball, climbing, hockey, rhythmic gymnastics, table tennis, track and field and speed skating. With respect to climbing, the Oval provided opportunities for Richmond's youth to participate in sport climbing. During Q4, the number of registrations for youth sport climbing reached its highest number to date. To further promote the sport's growth, the Oval hosted a climbing competition, which welcomed 220 athletes from Metro Vancouver and Vancouver Island schools.

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

Events that took place in Q4 included: World Masters and Junior Functional Fitness Championships, Taekwondo Korean Council Cup, ParaTough Cup, Boccia Nationals, Handball BC Cup, City Shred, Climbing Escalade Canada Senior Lead National Championships, Karate BC Canada Cup, and the Pinnacle Cheer Pink Cheerleading Championships.

New events secured in Q4 by Events and Sport Hosting included: Functional Fitness Throw Down Series, 12th World Youth Live Painting Competition, Canadian Alliance of Chinese Associations Multicultural Fair, 2024 Sport Climbing BC Provincial Championships, 2024 Climbing Escalade Canada High Performance Climbing Competition, 2024 Karate North American Cup, 2025 Senior Volleyball National Championships, and the 2025 Western Canadian Rhythmic Gymnastics Championships.

Athletes representing various provincial and national sport organizations utilized the Oval for training and competition in Q4. These groups included but were not limited to the following: Athletics Canada, Rhythmic Gymnastics, BC Wheelchair Athletics, BC Wheelchair Sports, Beach Volleyball Canada, Climbing Canada, Field Hockey Canada, Softball Canada, Table Tennis Canada, Volleyball Canada, Weightlifting Canada, Wheelchair Basketball Canada and Wheelchair Rugby Canada.

Governance

Meetings of the Corporation's Audit & Finance Committee, Richmond Olympic Experience (ROX) Committee and the Board of Directors took place during Q4.

2023 Audited Financial Statements

Please see attachment #1 for the audited financial statements of the Corporation for the year ended December 31, 2023. 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 \$17.3M, with liabilities of \$10.8M, and non-financial assets of \$14.9M as of December 31, 2023. The total financial assets of \$17.3M primarily included investments of \$14.9M which represents the Corporation's investments, an accounts receivable balance of \$1.0M and a cash balance of \$1.1M. The total liabilities of \$10.8M primarily included accounts payable and accrued liabilities of \$1.4M, post-employment benefits of \$1.2M and deferred revenue of \$8.1M. The non-financial assets of the Corporation of \$14.9M included \$14.6M of tangible capital assets and \$0.3M of prepaid expenses.

Statement of Operations

The 2023 audited financial statements have a surplus of \$3.7M before amortization and transfers to reserves, which represents a favourable variance of \$1.4M when compared to budget and an increase of \$1.2M compared to the prior year. Total revenues for 2023 were \$21.2M, and total expenses in 2023 before amortization were \$17.5M.

A handwritten signature in black ink, appearing to read "R. Dusanj".

Rick Dusanj, CPA, CA

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

Financial Statements of

**RICHMOND OLYMPIC OVAL
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

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Canada
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Richmond Olympic Oval Corporation

Opinion

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

- the statement of financial position as at December 31, 2023
- 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, 2023, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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 auditor's report thereon, included in the 2023 annual report.



Richmond Olympic Oval Corporation

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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 auditor's report thereon, included in the 2023 annual report as at the date of this auditor's 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 auditor's 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.

Auditor's 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 auditor's 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.



Richmond Olympic Oval Corporation

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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 auditor's 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 auditor's 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.

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

Chartered Professional Accountants

Vancouver, Canada
April 24, 2024

RICHMOND OLYMPIC OVAL CORPORATION


Statement of Financial Position

December 31, 2023, with comparative information for 2022


	2023	2022
Financial Assets		
Cash	\$ 1,122,442	\$ 1,743,783
Investments (note 4)	14,850,000	14,206,580
Accounts and other receivable	1,009,382	595,183
Due from City of Richmond (note 5)	118,603	16,968
Inventories held for resale	185,275	160,232
	<u>17,285,702</u>	<u>16,722,746</u>
Liabilities		
Accounts payable and accrued liabilities	1,430,334	2,266,613
Post-employment benefits (note 7)	1,185,300	900,458
Deferred revenue (note 8)	8,132,049	8,578,270
Rental deposits	11,781	7,373
	<u>10,759,464</u>	<u>11,752,714</u>
Net financial assets	6,526,238	4,970,032
Non-Financial Assets		
Tangible capital assets (note 9)	14,582,577	14,327,807
Prepaid expenses and other deposits	362,771	196,972
	<u>14,945,348</u>	<u>14,524,779</u>
Economic dependence (note 14)		
Accumulated surplus (note 10)	<u>\$ 21,471,586</u>	<u>\$ 19,494,811</u>

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, 2023, with comparative information for 2022

	2023 Budget (Note 2(h))	2023	2022
Revenue:			
2010 Games Operating Trust Fund (note 6)	\$ 3,725,000	\$ 4,136,315	\$ 4,212,071
Contribution from City of Richmond (note 12(a))	3,903,713	3,903,713	3,754,292
Memberships, admissions and programs	8,379,797	10,150,651	8,048,501
Other revenue (note 16)	2,405,931	2,986,657	1,556,569
	<u>18,414,441</u>	<u>21,177,336</u>	<u>17,571,433</u>
Expenses:			
Salaries and benefits	11,128,078	12,045,966	10,396,266
Utilities	1,002,316	1,045,226	954,149
Amortization	2,500,000	1,728,852	1,782,243
Supplies and equipment	1,030,579	1,001,330	863,286
Insurance	740,400	697,986	620,064
General and administration	883,347	808,350	827,767
Marketing	156,388	156,995	162,782
Program services	1,142,599	1,572,920	1,188,153
Professional fees	57,560	142,936	49,537
	<u>18,641,267</u>	<u>19,200,561</u>	<u>16,844,247</u>
Annual surplus (deficit)	(226,826)	1,976,775	727,186
Accumulated surplus, beginning of year	19,494,811	19,494,811	18,767,625
Accumulated surplus, end of year	<u>\$ 19,267,985</u>	<u>\$ 21,471,586</u>	<u>\$ 19,494,811</u>

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (Note 2(h))	2023	2022
Annual surplus (deficit), for the year	\$ (226,826)	\$ 1,976,775	\$ 727,186
Acquisition of tangible capital assets	(2,205,000)	(1,983,622)	(3,966,248)
Loss on sale of tangible capital assets	-	-	1,609
Proceeds on sale of tangible capital assets	-	-	809
Amortization of tangible capital assets	2,500,000	1,728,852	1,782,243
	295,000	(254,770)	(2,181,587)
Acquisition of prepaid expenses and other deposits	-	(1,174,182)	(415,822)
Use of prepaid expenses and other deposits	-	1,008,383	921,150
Change in net financial assets	68,174	1,556,206	(949,073)
Net financial assets, beginning of year	4,970,032	4,970,032	5,919,105
Net financial assets, end of year	\$ 5,038,206	\$ 6,526,238	\$ 4,970,032

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,976,775	\$ 727,186
Items not involving cash:		
Amortization of tangible capital assets	1,728,852	1,782,243
Loss on sale of tangible capital assets	-	1,609
Changes in non-cash operating items		
Accounts receivable	(414,199)	(263,271)
Due from the City of Richmond	(101,635)	(25,483)
Inventories held for resale	(25,043)	(20,666)
Prepaid expenses and other deposits	(165,799)	505,328
Accounts payable and accrued liabilities	(836,279)	1,054,523
Post-employment benefits	284,842	264,898
Deferred revenue	(446,221)	2,953,905
Rental deposits	4,408	-
	2,005,701	6,980,272
Capital activities:		
Acquisition of tangible capital assets	(1,983,622)	(3,966,248)
Proceeds on sale of tangible capital assets	-	809
	(1,983,622)	(3,965,439)
Investing activities:		
Net purchase of investments	(643,420)	(2,629,686)
Increase (decrease) in cash	(621,341)	385,147
Cash, beginning of year	1,743,783	1,358,636
Cash, end of year	\$ 1,122,442	\$ 1,743,783

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

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").

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 6) 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 include cash, investments, accounts receivable, and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition. Equity instruments and derivatives that are quoted in an active market are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the instruments at fair value. The Oval has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized on the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Oval does not have a Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments recorded at cost and are expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

Accounts receivables, investments, and accounts payable and accrued liabilities, are measured at amortized cost using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

(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 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.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

2. Significant accounting policies (continued):

(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 provision of sports, fitness, and recreation services. As a result, the expenses of the Corporation are presented by object in the statement of operations.

(h) Budget data:

The budget data presented in these financial statements is based upon the 2023 budget approved by the Board of Directors on January 17, 2023.

(i) Measurement uncertainty:

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.

(k) Post-employment benefits:

Post-employment benefits accrue to the Corporation's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

3. Adoption of new accounting standards:

(a) PS 3280 *Asset Retirement Obligations*:

On January 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and,
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability. As at December 31, 2023, the Corporation determined that there are no asset retirement obligations associated with its tangible capital assets and hence, the adoption of this standard did not have any impact on the amounts presented in these financial statements.

(b) PS 3450 *Financial Instruments and related standards*:

On January 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3450 *Financial Instruments*, PS 2601 *Foreign Currency Translation*, PS 1201 *Financial Statement Presentation* and PS 3041 *Portfolio Investments*. Under PS 3450 *Financial Instruments*, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices (see note 2(c)).

The adoption of these standards did not have any impact on the amounts presented in these financial statements.

4. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	2023	2022
April 24, 2023	April 24, 2024	\$ 5,000,000	\$ -
June 27, 2023	June 27, 2024	600,000	-
July 21, 2023	January 22, 2024	2,500,000	-
July 21, 2023	July 22, 2024	5,000,000	-
December 7, 2023	April 8, 2024	1,750,000	-
July 14, 2022	July 14, 2023	-	3,987,088*
July 19, 2022	July 19, 2023	-	3,619,492*
December 21, 2022	April 21, 2023	-	6,000,000
December 29, 2022	May 1, 2023	-	600,000
		\$ 14,850,000	\$ 14,206,580

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

4. Investments (continued):

The interest rate of the term deposits ranges from 5.66% to 6.30% (2022 - 5.05% to 5.22%).

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

5. Due from City of Richmond:

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

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 ("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:

	2023	2022
2022 annual distributable amount approve and received in 2023	\$ 4,136,315	\$ -
2021 annual distributable amount approve and received in 2022	-	4,212,071
	<u>\$ 4,136,315</u>	<u>\$ 4,212,071</u>

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

7. Post-employment benefits:

The Corporation provides certain post-employment benefits, non-vested sick leave, compensated absences, and termination benefits to its employees.

	2023
Accrued benefit obligation, beginning of year	\$ 900,458
Opening adjustment due to actuarial valuation, January 1, 2023	206,542
Current service cost	84,300
Interest cost	47,700
Benefits paid	(53,700)
Accrued benefit obligation, end of year	\$ 1,185,300

An actuarial valuation for these benefits was performed to determine the Corporation's accrued benefit obligation as at December 31, 2023. This actuarial gain is being amortized over a period equal to the employees' expected average remaining service lifetime of 11-years.

	2023
Accrued benefit obligation, end of year	\$ 1,185,300
Unamortized net actuarial gain	-
Accrued benefit liability, end of year	\$ 1,185,300

Actuarial assumptions used to determine the Corporation's accrued benefit obligation are as follows:

	2023
Discount rate	4.10%
Expected future inflation rate	2.50%
Expected wage and salary range increases	2.50% to 3.00%

8. Deferred revenue:

	2023	2022
Balance, beginning of year	\$ 8,578,270	\$ 5,624,365
Add: amounts received	12,691,087	12,558,975
Less: revenue recognized	(13,137,308)	(9,605,070)
Balance, end of year	\$ 8,132,049	\$ 8,578,270

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

8. Deferred revenue (continued):

Deferred revenue comprises of:

	2023	2022
Memberships and programs	\$ 1,322,166	\$ 1,061,065
Sponsorship fees	28,226	28,226
Sport Hosting funding (note 12(b))	664,897	817,964
Richmond Olympic Experience (note 12(b))	3,526,038	3,638,995
The Fields (a)	2,590,722	3,032,020
	<u>\$ 8,132,049</u>	<u>\$ 8,578,270</u>

(a) The Fields is a year-round outdoor activity space for sports programs and events. As at December 31, 2023, \$2,590,722 of the funds restricted for The Fields remain in deferred revenue and the revenue will be recognized based on the terms specified by the related agreements.

9. Tangible capital assets:

Cost	Balance December 31, 2022	Additions	Disposals	Balance December 31, 2023
Athletic equipment	\$ 4,383,290	\$ 1,092,879	\$ (17,213)	\$ 5,458,956
Building improvements	3,125,675	195,862	-	3,321,537
Computer software and equipment	3,696,811	173,510	-	3,870,321
Facility equipment	1,535,247	145,512	-	1,680,759
Infrastructure	5,880,940	4,937,378	-	10,818,318
Signage	195,542	23,115	-	218,657
Simulators and exhibit fabrication	3,884,306	793,768	-	4,678,074
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	399,227	18,486	-	417,713
Work in progress	5,496,888	(5,396,888)	-	100,000
	<u>\$ 28,663,655</u>	<u>\$ 1,983,622</u>	<u>\$ (17,213)</u>	<u>\$ 30,630,064</u>

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

9. Tangible capital assets (continued):

Accumulated amortization	December 31, 2022	Balance Amortization expense	Disposals	Balance December 31, 2023
Athletic equipment	\$ 2,866,828	\$ 374,296	\$ (17,213)	\$ 3,223,911
Building improvements	2,354,463	293,467	-	2,647,930
Computer software and equipment	3,339,835	266,806	-	3,606,641
Facility equipment	1,346,419	132,199	-	1,478,618
Infrastructure	1,051,070	187,918	-	1,238,988
Signage	173,470	17,030	-	190,500
Simulators and exhibit fabrication	2,773,096	438,063	-	3,211,159
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	364,938	19,073	-	384,011
	\$ 14,335,848	\$ 1,728,852	\$ (17,213)	\$ 16,047,487

	2023	2022
	Net book value	Net book value
Athletic equipment	\$ 2,235,045	\$ 1,516,462
Building improvements	673,607	771,212
Computer software and equipment	263,680	356,976
Facility equipment	202,141	188,828
Infrastructure	9,579,330	4,829,870
Signage	28,157	22,072
Simulators and exhibit fabrication	1,466,915	1,111,210
Uniforms, ice skates and helmets	33,702	34,289
Work in progress	100,000	5,496,888
	\$ 14,582,577	\$ 14,327,807

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 (2022 - nil).

10. Accumulated surplus:

	2023	2022
Accumulated surplus is comprised of:		
Share capital	\$ 1	\$ 1
Capital reserve	11,586,385	9,846,053
Other reserves/provisions	774,472	1,166,472
Operating surplus	607,259	610,286
Invested in tangible capital assets	8,503,469	7,871,999
	\$ 21,471,586	\$ 19,494,811

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

11. 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 cash, account receivables, and investments. The Corporation limits its credit risk by holding its cash and investments with federally regulated, credit worthy financial institutions. 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 2022.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

12. Related party transactions:

(a) City of Richmond:

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

In 2023, nil (2022 - \$24,663) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

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, including any financial support.

During 2023, the Corporation received a contribution from the City of \$3,903,713 (2022 - \$3,754,292) (note 17).

(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 2023, \$400,000 (2022 - \$399,996) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2023, \$664,897 (2022 - \$817,964) has been included in deferred revenue (note 8) and during 2023, \$553,067 (2022 - \$336,255) 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, \$3,526,038 (2022 - \$3,638,995) 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.

13. 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, 2022, the Plan has about 241,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

13. 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, 2021, indicated a \$3,761,000,000 funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024, with results available in 2025.

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 \$630,578 (2022 - \$553,353) for employer contributions to the Plan in fiscal 2023.

14. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT (note 6) and the City (note 12).

15. Contractual rights:

Contractual rights are the 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:

2024	\$	526,065
2025		513,424
2026		476,457
2027		378,054

In addition, the Corporation receives funding from the City (note 12(a)) and from the GOT (note 6).

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

16. Other revenue:

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

17. Government transfers:

Government transfers are received for operating and capital activities. During 2023, the Corporation received an operating transfer of \$3,903,713 (2022 - \$3,754,292) (note 12(a)) and capital transfers of \$396,399 (2022 – \$1,353,601). The capital transfers are included in deferred revenue.

18. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. These reclassifications do not impact the annual surplus reported in the prior period or net financial assets.