



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** April 23, 2021

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

**File:**

Rick Dusanj  
Acting Chief Financial Officer &  
Interim Senior Manager, Finance & Administration

**Re: Richmond Olympic Oval Corporation 2020 Audited Financial  
Statements**

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### Staff Recommendation

That the report on the 2020 Audited Financial Statements for the Richmond Olympic Oval Corporation from the Acting Chief Financial Officer and Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation be received for information.

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

Rick Dusanj  
Acting Chief Financial Officer &  
Interim Senior Manager, Finance &  
Administration

**DATE:** April 23, 2021

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

**FROM:** Rick Dusanj, CPA, CA  
Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation

**Re:** **Richmond Olympic Oval Corporation 2020 audited financial statements**

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## **Origin**

This staff report addresses the Richmond Olympic Oval Corporation's (the "Corporation") 2020 audited financial statements (attachment #1) which were unanimously approved by the Corporation's Board of Directors ("BOD") on April 22, 2021, as well as an update on the 4<sup>th</sup> quarter ('Q4').

It should be noted that the Corporation has primarily mirrored the City of Richmond's approach to the COVID-19 pandemic. City Council have supported the protective measures recommended by Senior Staff due to this pandemic including the closure of the Oval in mid-March, along with all City arenas, pools, and recreation centres. During the closure, the Corporation started planning for the eventual and appropriately timed reintroduction of programs and services which was conducted in accordance with the provincial health and safety guidelines as our guiding principle. After three and a half months of not being open to the public, the Corporation re-opened based on a progressive resumption of programs and services at the beginning of Q3. Below are some of the highlights of the activities undertaken by the Corporation during Q4.

## **Q4 Highlights**

### Community Use

Throughout Q4 of 2020, the Richmond Olympic Oval continued to adapt to evolving regulations surrounding group fitness and sport activities for adults. The OVALfit at Home initiative continued throughout the quarter, offering six classes per week of various formats complimentary for the general public. The classes were livestreamed through the Oval's social media channels totaling 60 livestreams. Available at no cost to the community, the OVALfit at Home workouts have garnered over 128,000 views to date.

Since re-opening to the public in Q3, activated memberships continued to steadily increase during Q4. In addition, given some of the restrictions in place, the Corporation offered private skating lessons in lieu of group Learn to Skate classes with nearly 1,000 private skating lessons taking place in Q4.

The following Community Sport User Groups from Richmond, or with strong Richmond based participation who utilized the Oval in Q4 include, but are not limited to: Drive Basketball, Vancouver Ki Society, Shoseikan Karate, Aura Gymnastics, Brazilian Soccer School, Urban Rec, Connaught Figure Skating Club, RACA, and the Richmond Sockeyes.

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 on gatherings over 50 individuals, events scheduled to take place in Q4 at the Oval were postponed. Several of these events were rescheduled for 2021. Some of the future new events secured in Q4 by Events and Sport Hosting include: Elite Canada – Rhythmic Gymnastics Nationals 2021, Western Rhythmic Canadian Gymnastics 2021, BC Rhythmic Gymnastics Provincial 2021, Wheelchair Rugby National Team Training Camp Jan/Feb 2021, and a USA Climbing 2021 National Cup Series event.

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

Local sport organizations who trained with the High Performance team in Q4 include: Greater Vancouver Canadians, UBC Thunderbirds hockey, Vancouver Angels, Richmond Rockets Speed Skating Club, Vancouver Thunder Volleyball Club, Air Attack Volleyball Club, Citius Table Tennis Club, False Creek Racing Canoe Club, Thunder Rowing, Asahi Baseball and Split Second Basketball.

High Performance Department Programs that occurred during Q4 include:

- PEAK Basketball
- High Performance Sport Climbing
- Volleyball Canada Regional Excellence Program (REP)
- High Performance Hockey Player and Goalie Development Programs
- Speed Skating Performance Program

### Governance

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

### **2020 Audited Financial Statements**

Please see attachment #1 for the audited financial statements of the Corporation for the year ended December 31, 2020. 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 \$14.3M, with liabilities of \$7.4M, and non-financial assets of \$11.8M as of December 31, 2020. The total financial assets of \$14.3M primarily included investments of \$11.6M which primarily represents the Corporation's investments placed through the City, an accounts receivable balance of \$0.4M and a cash balance of \$2.1M. The total liabilities of \$7.4M primarily included accounts payable and accrued liabilities of \$1.9M and deferred revenue of \$5.5M. The non-financial assets of the Corporation of \$11.8M primarily included \$11.7M of tangible capital assets and \$0.1M of prepaid expenses.

### Statement of Operations

The 2020 audited financial statements have a surplus of \$0.8M before amortization and transfers to reserves. Total revenues for 2020 were \$11.7M, and total expenses in 2020 before amortization were \$10.9M.



Rick Dusanj, CPA, CA

Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation

Financial Statements of

**RICHMOND OLYMPIC OVAL  
CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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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, 2020;
- 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
- 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, 2020, 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.

### ***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 22, 2021



# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

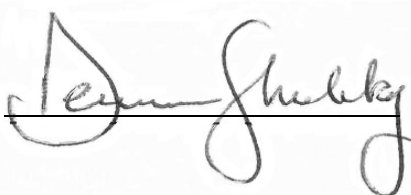
	2020	2019
<b>Financial Assets</b>		
Cash	\$ 2,107,288	\$ 1,278,412
Investments (note 3)	11,610,136	13,369,630
Accounts receivable	374,632	605,890
Due from City of Richmond (note 4)	14,756	153,851
Inventories held for resale	154,078	131,125
	14,260,890	15,538,908
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,922,397	1,667,493
Deferred revenue (note 6)	5,495,607	5,827,008
Rental deposits	7,373	7,373
	7,425,377	7,501,874
Net financial assets	6,835,513	8,037,034
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	11,687,489	10,984,873
Deferred lease costs (note 8)	-	14,346
Prepaid expenses and other deposits	130,025	447,805
	11,817,514	11,447,024
<b>Economic dependence (note 13)</b>		
Accumulated surplus (note 9)	\$ 18,653,027	\$ 19,484,058

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, 2020, with comparative information for 2019

	2020 Budget (Note 2(h))	2020	2019
Revenue:			
2010 Games Operating Trust Fund (note 5)	\$ 2,900,000	\$ 2,957,347	\$ 2,882,719
Contribution from City of Richmond (note 11(a))	3,597,926	3,597,926	3,527,378
Memberships, admissions and programs	9,367,603	3,723,781	9,228,392
Other (note 15)	1,957,277	1,475,249	2,288,803
	17,822,806	11,754,303	17,927,292
Expenses:			
Salaries and benefits	9,907,246	7,429,863	9,298,161
Utilities	1,077,316	778,798	1,054,469
Amortization	2,000,000	1,668,641	1,628,450
Supplies and equipment	945,827	805,047	1,004,154
Insurance	419,486	421,436	344,052
General and administration	857,074	598,856	772,990
Marketing	400,223	197,471	376,601
Program services	1,432,174	613,350	1,401,645
Professional fees	80,500	71,872	91,482
	17,119,846	12,585,334	15,972,004
Annual surplus (deficit)	702,960	(831,031)	1,955,288
Accumulated surplus, beginning of year	19,484,058	19,484,058	17,528,770
Accumulated surplus, end of year	\$ 20,187,018	\$ 18,653,027	\$ 19,484,058

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (Note 2(h))	2020	2019
Annual surplus (deficit), for the year	\$ 702,960	\$ (831,031)	\$ 1,955,288
Acquisition of tangible capital assets	(1,721,100)	(2,371,257)	(1,001,564)
Loss (gain) on sale of tangible capital assets	-	(500)	4,429
Proceeds on sale of tangible capital assets	-	500	1,900
Amortization of tangible capital assets	2,000,000	1,668,641	1,628,450
	278,900	(702,616)	633,215
Amortization of deferred lease costs	-	14,346	36,416
Acquisition of prepaid expenses and other deposits	-	(413,635)	(591,072)
Use of prepaid expenses and other deposits	-	731,415	584,059
Change in net financial assets	981,860	(1,201,521)	2,617,906
Net financial assets, beginning of year	8,037,034	8,037,034	5,419,128
Net financial assets, end of year	\$ 9,018,894	\$ 6,835,513	\$ 8,037,034

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ (831,031)	\$ 1,955,288
Items not involving cash:		
Amortization of tangible capital assets	1,668,641	1,628,450
Loss (gain) on sale of tangible capital assets	(500)	4,429
Amortization of deferred lease costs	14,346	36,416
Changes in non-cash operating working capital:		
Accounts receivable	231,258	(36,467)
Due from City of Richmond	139,095	(67,856)
Inventories held for resale	(22,953)	5,230
Prepaid expenses and other deposits	317,780	(7,013)
Accounts payable and accrued liabilities	254,904	(41,145)
Deferred revenue	(331,401)	(491,788)
Rental deposits	-	(1,890)
	1,440,139	2,983,654
Capital activities:		
Acquisition of tangible capital assets	(2,371,257)	(1,001,564)
Proceeds on sale of tangible capital assets	500	1,900
	(2,370,757)	(999,664)
Investing activities:		
Net redemption (purchase) of investments	1,759,494	(1,560,018)
Increase in cash	828,876	423,972
Cash, beginning of year	1,278,412	854,440
Cash, end of year	\$ 2,107,288	\$ 1,278,412

See accompanying notes to financial statements.

# **RICHMOND OLYMPIC OVAL CORPORATION**

## Notes to Financial Statements

Year ended December 31, 2020

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### **1. Incorporation and nature of business:**

The Richmond Olympic Oval Corporation (the "Corporation") was incorporated on June 16, 2008 under the Business Corporations Act of British Columbia as a municipal corporation wholly-owned by the City of Richmond (the "City"). 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 ongoing financial impact on the Corporation.

### **2. Significant accounting policies:**

#### **(a) Basis of presentation:**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") of the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada.

#### **(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.

# RICHMOND OLYMPIC OVAL CORPORATION

## Notes to Financial Statements

Year ended December 31, 2020

### 2. Significant accounting policies (continued):

#### (c) Financial instruments (continued):

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.

#### (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.

##### (iii) 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.

# **RICHMOND OLYMPIC OVAL CORPORATION**

## Notes to Financial Statements

Year ended December 31, 2020

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### **2. Significant accounting policies (continued):**

(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.

(h) Budget data:

The budget data presented in these financial statements is based upon the 2020 budget approved by the Board of Directors on December 11, 2019.

(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.

# RICHMOND OLYMPIC OVAL CORPORATION

## Notes to Financial Statements

Year ended December 31, 2020

### 3. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	2020	2019
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	-
January 14, 2019	January 14, 2020	-	1,533,961*
February 19, 2019	February 18, 2020	-	889,373*
April 1, 2019	March 31, 2020	-	2,500,000*
April 1, 2019	March 31, 2020	-	3,218,792*
June 18, 2019	June 17, 2020	-	1,000,000*
July 11, 2019	July 10, 2020	-	1,000,000*
October 1, 2019	March 30, 2020	-	500,000
November 5, 2019	November 4, 2020	-	2,727,504*
		\$ 11,610,136	\$ 13,369,630

The interest rate of the term deposits ranges from 0.75% to 2.65% (2019 - 2.37% to 3.15%).

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

### 4. Due from City of Richmond:

The amounts due from 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.



# RICHMOND OLYMPIC OVAL CORPORATION

## Notes to Financial Statements

Year ended December 31, 2020

### 5. 2010 Games Operating Trust Fund (continued):

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:

	2020	2019
2019 annual distributable amount approved and received in 2020	\$ 2,957,347	\$ -
2018 annual distributable amount approved and received in 2019	-	2,882,719
	<b>\$ 2,957,347</b>	<b>\$ 2,882,719</b>

### 6. Deferred revenue:

	2020	2019
Balance, beginning of year	\$ 5,827,008	\$ 6,318,796
Add: amounts received	4,867,629	11,025,407
Less: revenue recognized	(5,199,030)	(11,517,195)
Balance, end of year	<b>\$ 5,495,607</b>	<b>\$ 5,827,008</b>

Deferred revenue comprises of:

	2020	2019
Memberships and programs	\$ 967,521	\$ 941,088
Sponsorship fees	70,683	343,833
Sport Hosting funding (note 11(b))	554,090	473,878
Richmond Olympic Experience (note 11(b))	3,903,313	4,068,209
	<b>\$ 5,495,607</b>	<b>\$ 5,827,008</b>

# RICHMOND OLYMPIC OVAL CORPORATION

## Notes to Financial Statements

Year ended December 31, 2020

### 7. Tangible capital assets:

	Balance December 31, 2019	Additions	Disposals	Balance December 31, 2020
Athletic equipment	\$ 3,266,604	\$ 710,830	\$ (1,935)	\$ 3,975,499
Building improvements	2,110,729	248,982	-	2,359,711
Computer software and equipment	2,877,246	315,674	-	3,192,920
Facility equipment	1,160,782	123,144	-	1,283,926
Infrastructure	5,880,940	-	-	5,880,940
Signage	133,361	45,166	-	178,527
Simulators and exhibit fabrication	3,850,105	13,407	-	3,863,512
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	348,249	-	-	348,249
WIP projects	513,569	914,054	-	1,427,623
	<b>\$ 20,207,314</b>	<b>\$ 2,371,257</b>	<b>\$ (1,935)</b>	<b>\$ 22,576,636</b>

	Balance December 31, 2019	Amortization expense	Disposals	Balance December 31, 2020
Athletic equipment	\$ 1,985,435	\$ 347,773	\$ (1,935)	\$ 2,331,273
Building improvements	1,038,786	385,886	-	1,424,672
Computer software and equipment	2,526,033	231,845	-	2,757,878
Facility equipment	1,054,198	88,449	-	1,142,647
Infrastructure	610,000	147,023	-	757,023
Signage	125,348	13,823	-	139,171
Simulators and exhibit fabrication	1,539,807	409,720	-	1,949,527
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	277,105	44,122	-	321,227
	<b>\$ 9,222,441</b>	<b>\$ 1,668,641</b>	<b>\$ (1,935)</b>	<b>\$ 10,889,147</b>

	2020	2019
	Net book value	Net book value
Athletic equipment	\$ 1,644,226	\$ 1,281,169
Building improvements	935,039	1,071,943
Computer software and equipment	435,042	351,213
Facility equipment	141,279	106,584
Infrastructure	5,123,917	5,270,940
Signage	39,356	8,013
Simulators and exhibit fabrication	1,913,985	2,310,298
Uniforms, ice skates and helmets	27,022	71,144
WIP projects	1,427,623	513,569
	<b>\$ 11,687,489</b>	<b>\$ 10,984,873</b>

# RICHMOND OLYMPIC OVAL CORPORATION

## Notes to Financial Statements

Year ended December 31, 2020

### 7. Tangible capital assets (continued):

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 (2019 - nil).

### 8. Deferred lease costs:

	2020	2019
Balance, beginning of year	\$ 14,346	\$ 50,762
Less amortization	(14,346)	(36,416)
Balance, end of year	\$ -	\$ 14,346

### 9. Accumulated surplus:

	2020	2019
Accumulated surplus is comprised of:		
Share capital	\$ 1	\$ 1
Capital reserve	7,809,594	8,856,084
Other reserves/provisions	1,617,318	1,470,615
Operating surplus	605,050	604,039
Invested in tangible capital assets	8,621,064	8,553,319
	\$ 18,653,027	\$ 19,484,058

### 10. 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.

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements

Year ended December 31, 2020

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## **10. Financial risk management (continued):**

### **(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 2019.

## **11. Related party transactions:**

### **(a) City of Richmond:**

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

In 2020, \$244,387 (2019 - \$248,408) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

In 2020, \$100,000 (2019 - \$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.

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 2020, the Corporation received a contribution from the City of \$3,597,926 (2019 - \$3,527,378) (note 16).

# **RICHMOND OLYMPIC OVAL CORPORATION**

## Notes to Financial Statements

Year ended December 31, 2020

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### **11. Related party transactions (continued):**

#### **(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 2020, \$258,804 (2019 - \$400,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2020, \$554,090 (2019 - \$473,878) has been included in deferred revenue (note 6) and during 2020, \$178,582 (2019 - \$356,529) was recognized in memberships, admissions, and programs 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, \$3,903,313 (2019 - \$4,068,209) 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.

### **12. 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, 2019, the Plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

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.

# RICHMOND OLYMPIC OVAL CORPORATION

## Notes to Financial Statements

Year ended December 31, 2020

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### 12. Pension plan (continued):

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 \$514,303 (2019 - \$543,071) for employer contributions to the Plan in fiscal 2020.

### 13. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT (note 5) and the City (note 11).

### 14. 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 five years in the following total amounts:

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2021	\$ 521,833
2022	309,610
2023	27,016
2024	27,557
2025	2,300

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In addition, the Corporation receives funding from the City (note 11(a)) and from the GOT (note 5).

### 15. Other revenue:

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

### 16. Government transfers:

Government transfers are received for operating and capital activities. During 2020, the Corporation received an operating transfer of \$3,597,926 (2019 - \$3,527,378) (note 11) from the City of Richmond.