



City of Richmond

Report to Committee

To: Finance Committee **Date:** April 21, 2023
From: Jerry Chong **File:** 03-1200-09/2023-Vol
General Manager, Finance & Corporate Services 01
Re: **Richmond Olympic Oval Corporation 2022 Audited Financial
Statements**

Staff Recommendation

That the report on the 2022 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 21, 2023

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 2022 audited financial statements**

Origin

This staff report addresses the Richmond Olympic Oval Corporation's (the "Corporation") 2022 audited financial statements (attachment #1) which were unanimously approved by the Corporation's Board of Directors ("BOD") on April 20, 2023, 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

The Oval continued to trend in the right direction in the quarter, with membership uptake continuing to increase and developmental youth sport programs such as Learn to Skate and youth climbing remaining popular 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 included the following sports: aikido, basketball, figure skating, gymnastics, hockey, karate, soccer, and speed skating.

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 this quarter included: Taekwondo Korean Consul General Cup, PGA of BC Buying Show, Wheelchair Boccia Provincial Championships, ParaTough Cup, The RCMP Regimental Service, ClearOne Badminton Exhibition, Wheelchair Rugby Selection Camp, Canada Open Karate Championships, Pinnacle Cheer Pink Cheerleading Championships, Short Track BC Cup and Team BC Short Track Selection Trials, TOCA Futsal Tournament, and the Sport Climbing BC Oval Youth Climbing Competition.

New events secured in Q4 by Events and Sport Hosting included: 2023 Delta Gymnastics Invitational and Cash & Carry Cup, 2023 Boccia National Championships, 2023 Climbing Escalade Canada High Performance Competitions, 2023 Wheelchair Basketball National Championships, 2023 Wheelchair Rugby Vancouver Invitational, 2023 Wheelchair Rugby National Team Training Camp, U17/18 Volleyball BC 2023 Provincial Championships, 2023 Canadian Championships in Men's and Women's Artistic Gymnastics, and the 2023 Can-Am Martial Arts Championships.

Athletes representing provincial and national sports organizations utilized the Oval for training in Q4. The represented organizations included, but were not limited to the following: Field Hockey Canada, Basketball BC, Wheelchair Basketball Canada, BC Wheelchair Basketball Society, BC Wheelchair Sports Association, Sport Climbing BC, Climbing Escalade Canada, Volleyball BC, Volleyball Canada, Wheelchair Rugby Canada, Wheelchair Curling Canada, and Speed Skating BC.

Governance

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

2022 Audited Financial Statements

Please see attachment #1 for the audited financial statements of the Corporation for the year ended December 31, 2022. 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 \$16.7M, with liabilities of \$11.8M, and non-financial assets of \$14.5M as of December 31, 2022. The total financial assets of \$16.7M primarily included investments of \$14.2M which represents the Corporation's investments held by the Corporation and through the City, an accounts receivable balance of \$0.6M and a cash balance of \$1.7M. The total liabilities of \$11.8M primarily included accounts payable and accrued liabilities of \$3.2M and deferred revenue of \$8.6M. The non-financial assets of the Corporation of \$14.5M included \$14.3M of tangible capital assets and \$0.2M of prepaid expenses.

Statement of Operations

Although the Oval's operations are trending in a positive direction, the Corporation's gross revenues from memberships, admissions, programs and services for 2022 were approximately \$1.2M less than they were compared to 2019 during pre-pandemic times. The 2022 audited financial statements have a surplus of \$2.5M before amortization and transfers to reserves, which represents a favorable variance of \$2.1M when compared to budget and an increase of \$0.7M compared to the prior year. Total revenues for 2022 were \$17.6M, and total expenses in 2022 before amortization were \$15.1M.



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

Atta:

Financial Statements of

**RICHMOND OLYMPIC OVAL
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

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, 2022
- 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, 2022, 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 2022 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 auditor's report thereon, included in the 2022 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.

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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 20, 2023

RICHMOND OLYMPIC OVAL CORPORATION


Statement of Financial Position

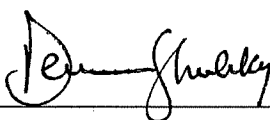
December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash	\$ 1,743,783	\$ 1,358,636
Investments (note 3)	14,206,580	11,576,894
Accounts receivable	595,183	331,912
Due from City of Richmond (note 4)	16,968	-
Inventories held for resale	160,232	139,566
	16,722,746	13,407,008
Liabilities		
Accounts payable and accrued liabilities	3,167,071	1,847,650
Deferred revenue (note 6)	8,578,270	5,624,365
Due to City of Richmond (note 4)	-	8,515
Rental deposits	7,373	7,373
	11,752,714	7,487,903
Net financial assets	4,970,032	5,919,105
Non-Financial Assets		
Tangible capital assets (note 7)	14,327,807	12,146,220
Prepaid expenses and other deposits	196,972	702,300
	14,524,779	12,848,520
Economic dependence (note 12)		
Accumulated surplus (note 8)	\$ 19,494,811	\$ 18,767,625

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, 2022, with comparative information for 2021

	2022 Budget (Note 2(h))	2022	2021
Revenue:			
2010 Games Operating Trust Fund (note 5)	\$ 3,725,000	\$ 4,212,071	\$ 3,928,165
Contribution from City of Richmond (note 10(a))	3,754,292	3,754,292	3,669,885
Memberships, admissions and programs	5,854,079	8,048,501	5,472,453
Other (note 14)	1,174,859	1,556,569	1,135,930
	<u>14,508,230</u>	<u>17,571,433</u>	<u>14,206,433</u>
Expenses:			
Salaries and benefits	9,759,431	10,396,266	8,802,318
Utilities	1,002,318	954,149	919,381
Amortization	2,200,000	1,782,243	1,738,703
Supplies and equipment	858,517	863,286	663,344
Insurance	617,000	620,064	514,280
General and administration	764,253	827,767	516,603
Marketing	148,941	162,782	184,917
Program services	884,160	1,188,153	704,324
Professional fees	55,060	49,537	47,965
	<u>16,289,680</u>	<u>16,844,247</u>	<u>14,091,835</u>
Annual surplus (deficit)	(1,781,450)	727,186	114,598
Accumulated surplus, beginning of year	18,767,625	18,767,625	18,653,027
Accumulated surplus, end of year	<u>\$ 16,986,175</u>	<u>\$ 19,494,811</u>	<u>\$ 18,767,625</u>

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (Note 2(h))	2022	2021
Annual surplus (deficit), for the year	\$ (1,781,450)	\$ 727,186	\$ 114,598
Acquisition of tangible capital assets	(4,072,000)	(3,966,248)	(2,200,995)
Loss on sale of tangible capital assets	-	1,609	3,561
Proceeds on sale of tangible capital assets	-	809	-
Amortization of tangible capital assets	2,200,000	1,782,243	1,738,703
	(1,872,000)	(2,181,587)	(458,731)
Acquisition of prepaid expenses and other deposits	-	(415,822)	(1,326,451)
Use of prepaid expenses and other deposits	-	921,150	754,176
Change in net financial assets	(3,653,450)	(949,073)	(916,408)
Net financial assets, beginning of year	5,919,105	5,919,105	6,835,513
Net financial assets, end of year	\$ 2,265,655	\$ 4,970,032	\$ 5,919,105

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 727,186	\$ 114,598
Items not involving cash:		
Amortization of tangible capital assets	1,782,243	1,738,703
Loss on sale of tangible capital assets	1,609	3,561
Changes in non-cash operating working capital:		
Accounts receivable	(263,271)	42,720
Due from (to) the City of Richmond	(25,483)	23,271
Inventories held for resale	(20,666)	14,512
Prepaid expenses and other deposits	505,328	(572,275)
Accounts payable and accrued liabilities	1,319,421	(74,747)
Deferred revenue	2,953,905	128,758
	6,980,272	1,419,101
Capital activities:		
Acquisition of tangible capital assets	(3,966,248)	(2,200,995)
Proceeds on sale of tangible capital assets	809	-
	(3,965,439)	(2,200,995)
Investing activities:		
Net (purchase) redemption of investments	(2,629,686)	33,242
Increase (decrease) in cash	385,147	(748,652)
Cash, beginning of year	1,358,636	2,107,288
Cash, end of year	\$ 1,743,783	\$ 1,358,636

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

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 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.

(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.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

2. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(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.

(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, 2022

2. Significant accounting policies (continued):

(h) Budget data:

The budget data presented in these financial statements is based upon the 2022 budget approved by the Board of Directors on December 3, 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	2022	2021
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	-
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*
		\$14,206,580	\$ 11,576,894

The interest rate of the term deposits ranges from 5.05% to 5.22% (2021 - 1.00% to 1.50%).

* 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, 2022

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:

	2022	2021
2021 annual distributable amount approve and received in 2022	\$ 4,212,071	\$ -
2020 annual distributable amount approve and received in 2021	-	3,928,165
	<u>\$ 4,212,071</u>	<u>\$ 3,928,165</u>

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

6. Deferred revenue:

	2022	2021
Balance, beginning of year	\$ 5,624,365	\$ 5,495,607
Add: amounts received	12,558,975	6,737,141
Less: revenue recognized	(9,605,070)	(6,608,383)
Balance, end of year	\$ 8,578,270	\$ 5,624,365

Deferred revenue comprises of:

	2022	2021
Memberships and programs	\$ 1,061,065	\$ 1,058,726
Sponsorship fees	28,226	73,000
Sport Hosting funding (note 10(b))	817,964	754,223
Richmond Olympic Experience (note 10(b))	3,638,995	3,738,416
The Fields (a)	3,032,020	-
	\$ 8,578,270	\$ 5,624,365

(a) During year ended December 31, 2022, the Corporation received funding from various organizations pertaining to The Fields project. The Fields will be a year-round outdoor activity space for sports programs and events. As at December 31, 2022, \$3,032,020 of the funds restricted for The Fields project remain in deferred revenue and the revenue will be recognized based on the terms specified by the related agreements.

7. Tangible capital assets:

Cost	Balance December 31, 2021	Additions	Disposals	Balance December 31, 2022
Athletic equipment	\$ 4,045,029	\$ 411,363	\$ (73,102)	\$ 4,383,290
Building improvements	2,980,545	145,130	-	3,125,675
Computer software and equipment	3,524,589	172,222	-	3,696,811
Facility equipment	1,395,946	139,301	-	1,535,247
Infrastructure	5,880,940	-	-	5,880,940
Signage	183,836	11,706	-	195,542
Simulators and exhibit fabrication	3,872,913	11,393	-	3,884,306
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	371,000	28,227	-	399,227
Work in progress	2,449,982	3,046,906	-	5,496,888
	\$ 24,770,509	\$ 3,966,248	\$ (73,102)	\$ 28,663,655

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

7. Tangible capital assets (continued):

Accumulated amortization	December 31, 2021	Balance Amortization expense	Disposals	Balance December 31, 2022
Athletic equipment	\$ 2,627,462	\$ 310,050	\$ (70,684)	\$ 2,866,828
Building improvements	1,870,719	483,744	-	2,354,463
Computer software and equipment	3,048,029	291,806	-	3,339,835
Facility equipment	1,245,541	100,878	-	1,346,419
Infrastructure	904,046	147,024	-	1,051,070
Signage	155,515	17,955	-	173,470
Simulators and exhibit fabrication	2,360,891	412,205	-	2,773,096
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	346,357	18,581	-	364,938
	\$ 12,624,289	\$ 1,782,243	\$ (70,684)	\$ 14,335,848

	2022 Net book value	2021 Net book value
Athletic equipment	\$ 1,516,462	\$ 1,417,567
Building improvements	771,212	1,109,826
Computer software and equipment	356,976	476,560
Facility equipment	188,828	150,405
Infrastructure	4,829,870	4,976,894
Signage	22,072	28,321
Simulators and exhibit fabrication	1,111,210	1,512,022
Uniforms, ice skates and helmets	34,289	24,643
Work in progress	5,496,888	2,449,982
	\$ 14,327,807	\$ 12,146,220

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 (2021 - nil).

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

8. Accumulated surplus:

	2022	2021
Accumulated surplus is comprised of:		
Share capital	\$ 1	\$ 1
Capital reserve	9,846,053	8,100,246
Other reserves/provisions	1,166,472	1,558,557
Operating surplus	610,286	605,776
Invested in tangible capital assets	7,871,999	8,503,045
	<u>\$ 19,494,811</u>	<u>\$ 18,767,625</u>

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 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.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

9. Financial risk management (continued):

(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 2021.

10. Related party transactions:

(a) City of Richmond:

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

In 2022, \$24,663 (2021 - \$34,458) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

In 2022, nil (2021 - \$25,000) 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 2022, the Corporation received a contribution from the City of \$3,754,292 (2021 - \$3,669,885) (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 2022, \$399,996 (2021 - \$325,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2022, \$817,964 (2021 - \$754,223) has been included in deferred revenue (note 6) and during 2022, \$336,255 (2021 - \$124,867) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

10. Related party transactions (continued):

(b) Sport Hosting Function (continued):

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, \$3,638,995 (2021 - \$3,738,416) 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, 2021, the Plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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, 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 \$553,353 (2021 - \$524,491) for employer contributions to the Plan in fiscal 2022.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

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 five years in the following total amounts:

2023	\$ 422,574
2024	425,311
2025	430,873
2026	407,547
2027	420,952

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

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 2022, the Corporation received an operating transfer of \$3,754,292 (2021 - \$3,669,885) (note 10) and capital transfers of \$1,353,601 (2021 – nil). The capital transfers are included in deferred revenue.