



Public Notice is hereby given of a Special Council meeting duly called in accordance with Section 126 of the *Community Charter*, to be held on:

**Date:** Monday, May 16, 2022  
**Time:** 4:00 p.m.  
**Place:** Council Chambers  
Richmond City Hall  
6911 No. 3 Road

Public Notice is also hereby given that this meeting may be conducted by electronic means and that the public may hear the proceedings of this meeting at the time, date and place specified above.

The purpose of the meeting is to consider the following:

CALL TO ORDER

RICHMOND OLYMPIC OVAL CORPORATION

1. **CONSENT RESOLUTIONS OF THE SHAREHOLDER OF RICHMOND OLYMPIC OVAL CORPORATION**  
(File Ref. No.) (REDMS No.)

CNCL-4

See Page CNCL-4 for full report

**RESOLVED THAT:**

- (1) *The Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2021 to December 31, 2021, together with the auditor’s report on such financial statements, which financial statements were approved by the Company’s board of directors on April 20, 2022 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 2, 2022;*
- (2) *In accordance with the Company’s Articles, the following persons are hereby elected as directors of the Company, to hold office for the term ending immediately prior to the annual general meeting of the Company held in 2024:*

Special Council Agenda  
Monday, May 16, 2022

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- | <u>Name</u>                | <u>Term</u> |
|----------------------------|-------------|
| i. <i>George Duncan;</i>   | <i>2024</i> |
| ii. <i>Peter German;</i>   | <i>2024</i> |
| iii. <i>Gail Terry;</i>    | <i>2024</i> |
| iv. <i>Walter Soo; and</i> | <i>2024</i> |
| v. <i>Gary Collinge;</i>   | <i>2024</i> |
- (3) *KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors;*
- (4) *The 2021 Annual Report of the Company is hereby received; and*
- (5) *May 16, 2022 be and is hereby selected as the annual reference date for the Company for its current annual reference period.*



LULU ISLAND ENERGY COMPANY

2. **CONSENT RESOLUTIONS OF THE SHAREHOLDER OF LULU ISLAND ENERGY COMPANY LTD.**

(File Ref. No.: <#> ) (REDMS No. <#> )

CNCL-57

See Page CNCL-57 for full report

**RESOLVED THAT:**

- (1) *the shareholder acknowledges that the financial statements of the Company for the period ended December 31, 2021, and the report of the auditors thereon, have been provided to the shareholder in accordance with the requirements of the British Columbia Business Corporations Act;*
- (2) *all lawful acts, contracts, proceedings, appointments and payments of money by the directors of the Company since the last annual reference date of the Company, and which have previously been disclosed to the shareholder, are hereby adopted, ratified and confirmed;*
- (3) *the number of directors of the Company is hereby fixed at 6;*

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- (4) *the following persons, each of whom has consented in writing to act as a director, are hereby elected as directors of the Company, to hold office until the next annual general meeting of the Company or unanimous resolutions consented to in lieu of holding an annual general meeting, or until their successors are appointed:*
- i. Cecilia Maria Achiam;*
  - ii. Jerry Ming Chong;*
  - iii. John David Irving;*
  - iv. Joseph Erceg;*
  - v. Kirk Taylor; and*
  - vi. Anthony Capuccinello Iraci;*
- (5) *KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors; and*
- (6) *May 16, 2022 is hereby selected as the annual reference date for the Company for its current annual reference period.*

ADJOURNMENT



To: Mayor and Councillors ("the Shareholder")

Date: May 3, 2022

From: George Duncan  
Chief Administrative Officer

File:

Re: Notice to the Shareholder of the 2022 AGM of Richmond Olympic Oval Corporation

Attached herein are the agenda items for the AGM of the Richmond Olympic Oval Corporation to be held on May 16, 2022 at a Special meeting of Council at the Richmond City Hall.

Appendix A	Notice of AGM, to be sent at least 10 days prior to the AGM to: <ul style="list-style-type: none"> <li>the City;</li> <li>each member of the Board; and</li> <li>the auditors</li> </ul>
Appendix B	2021 Audited Financial Statements
Appendix C	Consent Resolutions of the Shareholder, consenting to the resolutions required to be passed at the AGM, including: <ul style="list-style-type: none"> <li>The appointment of Directors</li> <li>The appointment of Auditors</li> </ul>
Appendix D	Notice of Appointment of Auditor
Appendix E	2021 Annual Report

George Duncan  
Chief Administrative Officer

(604-276-4338)

/il  
Atta:

**Notice of Annual General Meeting**

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

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

will be held on May 16, 2022 at a Special Meeting of Council at the Richmond City Hall, 6911 No. 3 Road, Richmond, British Columbia for the following purposes:

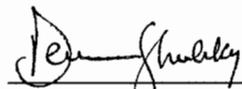
1. to acknowledge and confirm previous receipt of the audited financial statements of the Corporation for the fiscal year ended December 31, 2021 and the report of the auditors thereon;
2. to elect directors to the board of directors of the Corporation (the "**Board**");
3. to appoint auditors of the Corporation for the 2022 fiscal year and to authorize the Board to fix the auditors' remuneration;
4. to acknowledge and confirm receipt of the Corporation's 2021 Annual Report; and
5. to transact such other business as may be properly brought before the meeting.

The board of directors of the Corporation has fixed the close of business on May 16, 2022 as the record date for determining the names of the shareholders who are entitled to vote at the meeting.

The audited financial statements of the Corporation for the period from January 1, 2021 to December 31, 2021 and the report of the auditors thereon are attached to this Notice of Annual General Meeting.

Dated this 3rd day of May, 2022.

**On behalf of the Board of Directors**



**Dennis Skulsky**

Board Chair

Financial Statements of

**RICHMOND OLYMPIC OVAL  
CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP  
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Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Richmond Olympic Oval Corporation

### **Opinion**

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

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

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

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

### **Basis for Opinion**

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

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

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

### **Other Information**

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

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company, limited by guarantee. KPMG Canada provides services to KPMG LLP.



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

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

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

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

We have nothing to report in this regard

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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



We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
April 20, 2022

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

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

Economic dependence (note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_

Director

  
\_\_\_\_\_

Director

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Operations

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

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

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Changes in Net Financial Assets

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

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

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Cash Flows

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

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

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

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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 on-going financial impact on the Corporation.

## 2. Significant accounting policies:

### (a) Basis of presentation:

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

### (b) Revenue recognition:

Memberships, admissions and programs fees are recorded as revenue in the period that the services are rendered, with any unearned portion recorded as deferred revenue. Annual distributable amounts and trust income amounts are recognized as revenue when the amounts are approved by the 2010 Games Operating Trust (note 5) and when the related operating expenses and capital maintenance costs of the Oval are incurred. Any amounts received but not yet spent are recognized as deferred revenue.

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

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

### (c) Financial instruments:

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

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

## 2. Significant accounting policies (continued):

### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (i) Tangible capital assets:

Tangible capital assets are initially recorded at cost. Amortization is provided on a straight-line basis at rates that reflect estimates of the economic lives of the assets over the following periods:

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

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

### (ii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

### (e) Pension plan:

The Corporation and its employees make contributions to the Municipal Pension Plan (the "Plan"). As the Plan is a multi-employer contributory defined benefit pension plan, these contributions are expensed as incurred.

### (f) Income taxes:

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

### (g) Functional and object reporting:

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

## 2. Significant accounting policies (continued):

### (h) Budget data:

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

### (i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring the use of management estimates relate to the determination of valuation of accounts receivable and useful lives of tangible capital assets for amortization. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are recorded in surplus (deficit) in the year in which they become known.

### (j) Government transfers:

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

## 3. Investments:

Investments represent term deposits as follows:

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

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

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

#### 4. Due from/to City of Richmond:

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

#### 5. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for the Games, the Government of Canada and the Province of British Columbia agreed to establish the Legacy Endowment Fund (the "Fund") and to each contribute \$55 million. On March 31, 2004, under the terms of the 2010 Games Operating Trust Agreement ("GOT"), an irrevocable trust was created known as GOT and the 2010 Games Operating Trust Society (the "Society") became the trustee of the Fund. The purpose of the Fund is to fund operating expenses and capital maintenance costs of certain facilities created for the Games, specifically the Oval and the Whistler Sliding Centre and Nordic Centre, and to assist with the continued development of amateur sport in Canada. Subsequent to the formation of the GOT, the City, as owner of the Oval, became a beneficiary of the GOT and became responsible for complying with obligations set by the Society and GOT in order to receive funding.

Effective December 31, 2007:

- (a) the Society Board divided the Fund into three funds: the Speed Skating Oval Fund; the Whistler Sliding Centre and Nordic Centre Fund; and the Contingency Fund; and
- (b) the Society Board divided the capital and any accumulated but undistributed income of the Fund as follows: Speed Skating Oval Fund (40%); Whistler Sliding Centre and Nordic Centre Fund (40%); and the Contingency Fund (20%).

Effective April 21, 2009, the City entered into an agreement with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ("VANOC"). The agreement details the terms and conditions to which the City is required to adhere in order to receive funding from GOT. Effective September 1, 2011, VANOC assigned the agreement to the Society.

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

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

## 6. Deferred revenue:

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

Deferred revenue comprises of:

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

## 7. Tangible capital assets:

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

## 7. Tangible capital assets (continued):

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

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

The Oval land and building complex and its major equipment components are the property of the City and are not recorded in these financial statements.

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

## 8. Accumulated surplus:

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

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements

Year ended December 31, 2021

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## **9. Financial risk management:**

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

### **(a) Credit risk:**

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

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

### **(b) Market and interest rate risk:**

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

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

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

### **(c) Liquidity risk:**

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

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

There have been no changes in risk disclosures since 2020.

## **10. Related party transactions:**

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

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

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

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

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements

Year ended December 31, 2021

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

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

The Corporation is party to the Richmond Oval Agreement (the "Agreement") with the City, which had an effective date of July 1, 2008. The Agreement established the terms and conditions of the relationship between the City and the Corporation. In accordance with the Agreement, the City will provide, for the first 15-years of the term, financial support as agreed between the City and the Corporation from time to time; for the years 2010, 2011 and 2012 the annual financial support shall not be less than \$1,500,000 per year indexed at the City of Vancouver's Consumer Price Index. After 15-years, any financial assistance from the City will be determined by the City in its sole discretion.

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

### (b) Sport Hosting Function:

Effective July 1, 2011, the Sport Hosting function of the City was transferred to the Corporation. This function is fully funded by the hotel tax. In 2021, \$325,000 (2020 - \$258,804) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2021, \$754,223 (2020 - \$554,090) has been included in deferred revenue (note 6) and during 2021, \$124,867 (2020 - \$178,582) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

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

## **11. Pension plan:**

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

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## 11. Pension plan (continued):

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

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

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

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

## 12. Economic dependence:

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

## 13. Contractual rights:

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

---

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

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

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements

Year ended December 31, 2021

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## **14. Other revenue:**

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

## **15. Government transfers:**

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

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

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

BE IT RESOLVED THAT:

the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2021 to December 31, 2021, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 20, 2022 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 2, 2022;

In accordance with the Company's Articles, the following persons are hereby elected as directors of the Company, to hold office for the term ending immediately prior to the annual general meeting of the Company held in 2024:

<u>Name</u>	<u>Term</u>
George Duncan	2024
Peter German	2024
Gail Terry	2024
Walter Soo	2024
Gary Collinge	2024

KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors;

the 2021 Annual Report of the Company is hereby received; and

May 16, 2022 be and is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of May 16, 2022  
CITY OF RICHMOND

\_\_\_\_\_  
Mayor Malcolm Brodie

**NOTICE OF APPOINTMENT OF AUDITOR**

TO: KPMG LLP  
Chartered Accountants  
PO Box 10426 Pacific Centre  
777 Dunsmuir Street, 11<sup>th</sup> Floor  
Vancouver, British Columbia  
V7Y 1K3

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

DATED as of May 16, 2022.

RICHMOND OLYMPIC OVAL  
CORPORATION

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Rick Dusanj  
Chief Financial Officer

# 2021

ANNUAL REPORT

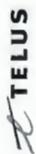




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Thanks to our Corporate Partner





CNCL - 28  
(Special)

## A Letter From the Chair



**DENNIS SKULSKY**  
Chair of the Board of Directors

As the chair of the Board of Directors for the Richmond Olympic Oval Corporation, I am honoured to present the 2021 Annual Report.

Throughout the year, the 12 members of the Board and liaison members have provided invaluable leadership, unwavering support, and commitment to help guide the Oval in continuing to be the desired destination for community sport, health, and fitness and supporting high performance sport. I wish to extend my admiration and thanks to the Board for their contributions towards financial planning and recovery strategies, which will help the Oval emerge from the pandemic stronger and better than ever.

2021 marked continued challenges related to the global pandemic. The Oval's outstanding facility and dynamic business model were leveraged to provide a safe and healthy environment for sport and fitness activities. Through the staff's innovation and creativity, programming was altered and the facility was modified to exceed health and safety protocols. This is exemplified by moving group fitness classes to the outdoor Olympic Riverside Plaza and offering programs like personal training and Postnatal Core and Fitness in a virtual setting.

The successes we have achieved as a team can be attributed to the dedication of many. On behalf of the Board, I would like to share my deepest appreciation for the Oval employees responsible for the frontline support and delivery of our services and programs.

This dedicated group has been the heart and soul of the facility and has remained professional, passionate, and inspirational throughout the year. The Oval team has been pivotal in anticipating the community's needs and transforming programs and services to meet and exceed their expectations. I would also like to acknowledge our members, athletes, and customers for their continued support. Our team is inspired by the Oval community, who take steps daily, be they big or small, towards their health and fitness goals. Your dedication to wellness and competition fuels us to continuously innovate and provide world-class programs and services.

I would also like to express my gratitude to our Oval management team and City leadership, who have worked tirelessly throughout the pandemic to swiftly interpret and implement changes to operations mandated by public health orders. The changes have been unpredictable and relentless, and our team has risen to the occasion time and time again, and for their dedication, I am grateful. I would like to thank our Chief Executive Officer George Duncan, whose leadership and long-term vision for the Oval have remained a constant source of inspiration. I would also like to thank Mayor and Council for their tremendous support in making the Oval a beacon of pride for the City of Richmond. Lastly, I would like to thank the Games Operating Trust for their ongoing financial support and for making it possible for high-performing athletes to train at the Oval and achieve their dreams of competing at the highest level.

Graciously privileged to be part of the Oval's team,

**Dennis Skulsky**  
Chair of the Board of Directors

## A Message From the CEO



**GEORGE DUNCAN**  
Chief Executive Officer

Notwithstanding the ongoing challenges related to the COVID-19 pandemic, 2021 was a relatively successful year for the Richmond Olympic Oval. This positive outcome can be attributed to consistently providing a premier destination for sport, fitness, wellness, and community events while also supporting high performance sport. To meet the community's changing needs, the Oval remained dynamic in its business model as it navigated the fluid restrictions put in place by the public health officer. Much of the year focused on continuing to build off of the momentum forged in 2020 with the facility's progressive resumption of programs and services.

With ongoing uncertainty surrounding the pandemic, membership resumption since the initial facility closure in 2020 have been slow but steady. The changing demographics of Oval patrons provided an opportunity to leverage alternate revenue sources and pivot to accommodate the increased need for indoor training space. While many facilities used for youth sports training, such as school gymnasiums, were unavailable due to the pandemic, the Oval welcomed these groups, thanks to its expansive floorplan. The Oval realized record successes with its sports programs, such as summer sports camps and youth sports programs, which often surpassed pre-pandemic registration levels. The facility continued to provide essential training space for high performing athletes—in some cases, in anticipation of competing in the Tokyo 2020 Summer Olympic and Paralympic Games.

Though much of 2021 was preoccupied with responding to unpredictable public health orders, the Oval continued to innovate and provide exceptional value to the community. In 2021, the Oval launched:

- The Richmond Olympic Oval app for streamlined drop-in registration for Oval members and guests
- A new and improved OVALfit at Home program with a library of over 100 professional quality workouts that can be completed from your living room
- Renovated locker rooms with new partitions, showerheads, vanities, sinks, soap dispensers, and LED lighting

On the horizon, the Oval looks forward to improving health outcomes and further restoration of programs and services. In the near future, the community can enjoy the reopening of the Olympic Experience, with exciting exhibit changeovers and enhancements; upgrades to fitness equipment; new auto-belays on the climbing wall; and improvements to the hardwood courts.

I would like to thank the Oval staff who have been instrumental in maintaining the Oval's commitment to providing the safest environment for the Richmond community and beyond to engage in sports and fitness activities. I would also like to commend the Oval Corporation's Board of Directors for their valuable assistance in guiding the Oval through the ongoing pandemic. While we may not know where the next year will take the Oval, what we do know is that the Oval will remain a beacon in the community for those looking to pursue and achieve their sport, fitness, and wellness goals.

**George Duncan**  
Chief Executive Officer



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(Special)



## Legacy Goals/ Operating Objectives

### Operating Agreement Objectives

The City and the Corporation are parties to an operating agreement dated July 1, 2008 (the "Operating Agreement") wherein the following four objectives are noted:

- The Oval will provide facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public.
- The Oval will be developed, used and promoted as a training and competition facility for high performance sport.
- The Oval will provide facilities for cultural, community and entertainment events.
- The Oval will provide ancillary commercial, retail, health and wellness services to enhance its use in respect of the activities set out above.

### The Oval Corporation's Legacy Goals

The Corporation adopted a set of five objectives that addresses its obligations to the City under the Operating Agreement and the funding requirements of the 2010 Games Operating Trust ("GOT"). To continue to build on its strong Olympic legacy, the Corporation will focus on:

1. Establishing positive brand awareness.
2. Becoming valued by the community and its employees.
3. Becoming the desired location for community sport, health and fitness.
4. Supporting high performance sport.
5. Operating in a financially sustainable manner.

# OVAL TESTIMONIALS

*I'd like to say thank you to everyone who works at the Richmond Oval for making my training environment the best it could possibly be and for creating such a great training space for adaptive athletes.*



High Performance Athlete  
**Tara Llanes** - 2020 Paralympian



**How long have you been training at the Richmond Olympic Oval? What initially drew you to the facility?**

I've been training at the Richmond Oval since about 2016, although at the time, I was still getting my bearings with wheelchair basketball and wasn't full-time just yet. It wasn't until 2018, when I was going to try out for the women's national team, that I was there on a more consistent basis. Then, leading up to the Tokyo 2020 (2021) Paralympics, I was there pretty much five days a week.

Originally, I started going to the Oval because they had such a good relationship with BC Wheelchair Basketball and really support adaptive sports. We were able to get court time, so that's where we trained.

**What do you love about training at the Richmond Olympic Oval?**

I live on the North Shore, so it's about a 40-minute drive for me to get to the Oval, but I do it because I love the facility, the ability to get court time and HP lift times, and I love the people who work there. Over the years of training at the Oval and especially through the pandemic, I've really gotten to know the staff quite well, and they treat me like family. Plus, it's a state-of-the-art facility. When I roll onto the court, I always look up at the beautiful high wood ceilings, and it feels warm and inviting. Because I spend so much time there, it's important to me to love my surroundings.

**How have you felt training at the Oval during the pandemic?**

So many things have changed, but most of all, it's been practicing on my own and especially in a team sport. It's not ideal, and you really have to dig deep and love what you do. The pandemic has made that desire waver at times, but I just try to focus on the long game and being back with my teammates soon.

**Tell us something people may not know about your sport.**

Here are three fun facts about wheelchair basketball.

1. Most people don't know that in wheelchair basketball, we play on the same size court as able-bodied basketball, and the hoop is the exact same height.
2. We don't have a double dribble call, but we do have a traveling call. When pushing up the court, I can put the ball in my lap and take two pushes, but if I take three, that is traveling. If I take two pushes, I then either have to bounce the ball and put it back in my lap or pass it.
3. Our sport is based on a points system. The points go from 1.0 up to 4.5. In international play, you get 14 points on the court at one time. It's all based on your disability, so it's fair for every disability level. For instance, I am a lower-level paraplegic, so since I have less function than, say, an amputee, I am classified as a 1.5. Some players can walk but have injured their knees or hips so badly that they can no longer play able-bodied basketball. Those players would be considered a 4.5, which is the highest classification. Our sport is the most inclusive game of any Paralympic sport.

*Overall, we are very happy with the program and hope to continue in the future.*

**When did your child start Learn to Skate lessons at the Richmond Olympic Oval?**

Melissa first started Learn to Skate lessons in Winter 2021. Without any prior skating experience, [her instructor] was a patient and experienced coach who helped her build confidence on the ice. We continued another term with private skating and [she] is currently in group classes.

**What does your child love about their skating lessons and instructors? How have their skills developed over time?**

Melissa looks forward to skating lessons every week. Even though the coaches are different each term, they try to build a great rapport and relationship with her. From barely being able to stand on ice rink, get up unassisted, and bend down to pick things up without falling over as easily and is continuing to learn new skills, like practicing to stop and having more control with her feet. We are very impressed by her improvements and progress each term.



Learn to Skate Parent  
**Serenade Y**

*Staff are a huge part of looking forward to going to the Oval. Some staff who have been there a while greet me by name, which I find very important and personable. They are always helpful when I need them.*

**How long have you been a Member at Richmond Olympic Oval? What initially drew you to the Oval?**

I've been a happy member at the Richmond Oval for five years.

**What's the most valuable thing the Oval has provided for you?**

The Oval provides me great fulfillment, especially the last two years. It's my happy place, to be offered so much and release stress and energy in so many ways through this fantastic selection of classes and equipment. It's like a huge smorgasbord of exercise selection. I can't just choose one, so sometimes I do two classes a day.

**How have you felt returning to the Oval and your fitness routine during the pandemic?**

So much to look forward to, not only in the group fitness classes but also workouts on machines upstairs are quite amazing. Love the machines and weights. Also, I do all my shopping at the Oval Sport Store and get my regular iced coffee and treats at the cafe. I love to support them in every way and can't beat the selection at the shop, the convenience, and, of course, the staff—all so amazing.

**Tell us something people may not know about your fitness journey.**

My fitness journey is a very personal and important part of my life to keep healthy, youthful, and positive every day. It's a lifetime commitment that I will never break, and I feel the Oval is my workout partner and place.



OVAL Member  
**Patty F**

# 2021 AT A GLANCE

2,351

summer camp registrations



5,223

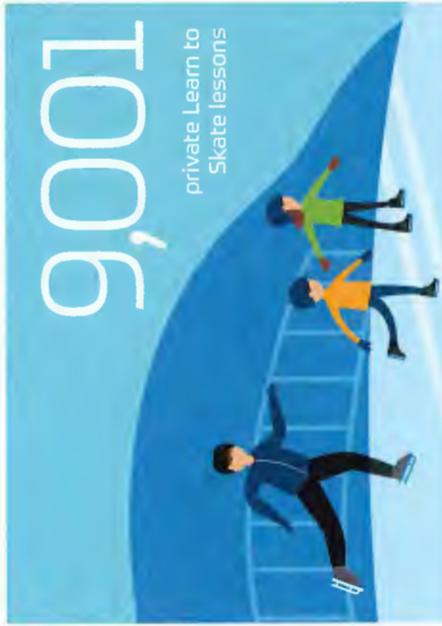
HP training sessions



APRIL  
13  
Oval app  
launched

9,001

private Learn to  
Skate lessons



32

Oval Supported  
Olympic and  
Paralympic athletes  
completed in Tokyo



Oval Member  
FRED  
SCOTT

10  
YEARS

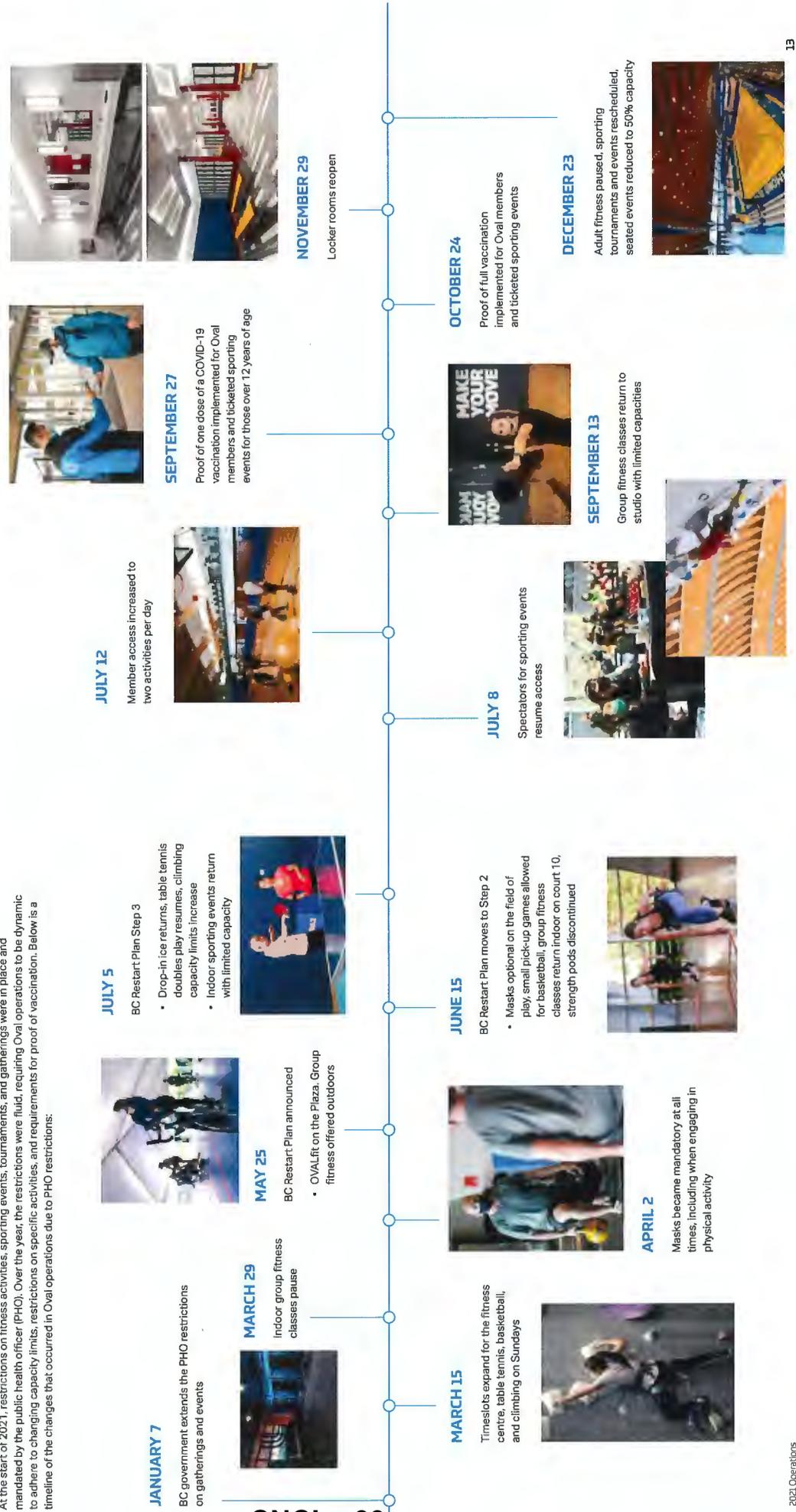
of personal training  
at the Oval



# 2021 OPERATIONS

## TIMELINE – Agile Operations

At the start of 2021, restrictions on fitness activities, sporting events, tournaments, and gatherings were in place and mandated by the public health officer (PHO). Over the year, the restrictions were fluid, requiring Oval operations to be dynamic to adhere to changing capacity limits, restrictions on specific activities, and requirements for proof of vaccination. Below is a timeline of the changes that occurred in Oval operations due to PHO restrictions:





# 2021 PROGRESS REPORT

CNCL - 34  
(Special)

## BEING VALUED BY THE COMMUNITY

### Return of Events

With the rollout of Step 3 of BC's Restart Plan, sporting events and tournaments were permitted to resume on July 5 with robust safety plans in place. With limited spectators and stringent physical distancing protocols, the Oval was pleased to host its first major event in over 18 months: the North American Cup climbing competition, which hosted lead and speed disciplines from October 8 to 10. The competition ran smoothly, with in-person spectators and live streaming of the event for fans across North America. Additional major tournaments hosted at the Oval in 2021 included Wheelchair Rugby National Training Camps, City Shred, Western Canadian Powerlifting Championships, Wheelchair Basketball Canada U23 Training Camp, Taekwondo Provincials, Karate BC Provincials, Pinnacle Cheer Pink, and the Senior Boys Volleyball Provincials.

### OVALfit at Home

The OVALfit at Home program saw upgrades to its production quality in 2021. The program started the year as a live-streamed service available on social media platforms and transitioned into a video-on-demand service included in the cost of an Oval membership. The virtual workout library has enhanced video and audio quality, with professional editing and new features like a countdown clock. Additionally, a virtual membership was created to cater to individuals who are not yet comfortable returning to fitness activities indoors. In 2021, the Oval produced over 100 videos for the workout library.



### OVALfit — AT HOME —



### Forever Young 8K

Twenty-twenty-one marked a return of the popular outdoor event exclusive to runners and walkers ages 55 and over after being offered virtually the year prior. The Forever Young 8K race kicked off on September 12 on the Olympic Riverside Plaza at the Richmond Olympic Oval. Racers traveled in a four-kilometer out and back loop along the North Dyke, with beautiful vistas of the Fraser River as motivation to complete the run or walk. Nearly 200 seniors participated in the 7th annual race, with the eldest finisher, Della Visscher, finishing the race at 90 years old.



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(Special)



#### FROM INSIDE THE OVAL

WHAT'S IT LIKE WORKING WITH OVAL PERSONAL TRAINERS?

*I can't say enough good things about my personal training experiences at the Oval. Not having exercised for a long time due to Covid, I was apprehensive. But Nathan really took the time to learn my fitness goals, my lifestyle, my likes and dislikes, and my past health concerns. He created an effective training program tailored to my goals and help me get stronger, feel healthier and look my best. Every session was different and they make me feel so much better that I miss them when I am on holidays!*

- Pamela T

## SUPPORTING HIGH PERFORMANCE SPORT

### Supporting Canadian Climbers

In 2020, the Richmond Olympic Oval partnered with Climbing Escalade Canada (CEC) to become the National Training Centre for Canadian sport climbers. On August 10 to 11, 2021, CEC held their training camp on the Oval's climbing wall, with many athletes reuniting and training together for the first time since the pandemic's onset. The Oval supported athletes bound for the 2020 Tokyo Summer Olympic Games by hosting four mock competitions, as Olympians Sean McColl and Alannah Yip had few opportunities to experience a competitive environment due to the ongoing restrictions on sport competitions.

### Regional Excellence Program

The Oval partners with Volleyball Canada to host the Regional Excellence Program: a holistic program for high school-aged athletes that focuses on technical practice, strength and conditioning training, and integrated services such as nutrition and mental performance seminars. In 2021, the program received record registration numbers, with 64 athletes training weekday mornings at the Oval. Athletes graduating from the REP program have an opportunity to transition to Volleyball Canada's National Excellence Program, comprised of the top 16 female athletes in grades 11 and 12 from all over Canada.



### Skating to Success

The Connaught Figure Skating Club is the oldest skating club in British Columbia and provides a dynamic, multi-faceted approach to teaching all levels of skating to young athletes in Richmond. The premier skating club has been leveraging the facilities at the Oval for a decade, including strength and conditioning training solutions provided by the High Performance team. The club, which is Richmond's only nationally recognized learn to skate program, has produced athletes with impressive accomplishments, including Wesley Chiu, who placed 4th in his first senior competition at the 2021 ISU Warsaw Cup. Eight of its athletes were named to the Skata Canada BC/Yukon Provincial Team.



### Training and Selection Camps

The Oval is the proud training venue for organizations like Wheelchair Rugby Canada, Wheelchair Basketball Canada, and BC Wheelchair Sports. The Oval's courts hosted Wheelchair Rugby National Team training camps from November 22 to 27, where athletes showcased their skills in hopes of being selected for the National Team in 2022. In addition, BC Wheelchair Sports hosted its new Wheelchair Rugby Development series, which kicked off on September 25; the weekly event provided an opportunity for new participants to try the sport with the support of athletes and coaches, with athletes of all abilities encouraged and welcome to try the sport.

### Oval Supported Olympians and Paralympians

Thirty-two Olympic and Paralympic athletes, representing sports such as field hockey, sport climbing, wheelchair rugby, table tennis, wheelchair basketball, and softball and who were supported by the Oval, competed in the 2020 Tokyo Summer Olympic Games. The Oval is proud to be a part of the journey for these athletes to realize some of their biggest goals.

#### FROM INSIDE THE OVAL

#### HOW HAS THE OVAL SUPPORTED YOUR TRAINING IN 2021?

The Richmond Olympic Oval has really been a second home to me. We've been training here since before 2010, so before it was officially open for the 2010 Winter Olympics. I know this place inside and out. It's been amazing to have this facility for us to train in. The staff here is top-notch, the facility is world-class, and they let us have the run of this place. We've been really lucky to have this facility.

— Byron G, Wheelchair Rugby Canada

#### KEY PARTNERSHIPS



## ESTABLISHING POSITIVE BRAND AWARENESS

### Sharing Oval Stories

Twenty-twenty-one marked a shift in how the Oval is marketed to the community and the wider Metro Vancouver region. Through its social media channels, the Oval leveraged video to tell the stories of members, athletes, and staff who make the Oval such an essential part of the community. Stories shared throughout 2021 include the achievements of Fred Scott, an Oval member who celebrated 10 years of personal training with Oval trainer Rose Van, and Byron Green, who trained at the Oval with Wheelchair Rugby Canada ahead of the 2020 Tokyo Summer Paralympic Games. The Oval also published a congratulatory video from the Board that celebrates all the Oval athletes who competed in Tokyo.



### Richmond Olympic Oval App

On April 13, the Oval introduced the Richmond Olympic Oval app for members and guests to easily register for drop-in activities on their smartphones. The app allows users to manage their bookings and monitor waitlists with the click of a button. The app also provides easy access to the OVALfit at Home library of workouts. Since its introduction, the app has been downloaded and used by over 3,000 devices, with over 215,000 sessions used for bookings and video viewing.

### Canadian Climbers Named to Team Canada

On March 19, the Canadian Olympic Committee (COC) named its first-ever Olympic sport climbing athletes Sean McCall and Alannah Yip to Team Canada. The Richmond Olympic Oval was chosen to host the announcement due to its climbing wall being the official national training centre for Climbing Escalade Canada. The announcement brought national recognition to the Oval's climbing wall as an elite training facility for climbers of all skill levels.

## BEING THE DESIRED LOCATION FOR COMMUNITY SPORTS, HEALTH & FITNESS

CNCL - 40  
(Special)

### Summer Sports Camp Success

Summer sports camps experienced a banner year, with 50 different camps offered over eight weeks—the most camps offered in the Oval's history. By utilizing as much outdoor space as possible and implementing robust safety protocols, the Oval provided the community with a safe and fun option for youth summer programming. During July and August, a record 2,351 camp registrants partook in camps varying from Get Skills, Learn to Golf, Tumble Tots, and more. A special soccer camp was included in the camps offered in partnership with the Vancouver Whitecaps, where participants were taught by BC Sports Hall of Famer Carl Valeritine.

### Learn to Skate

The rise in demand for youth sports programming was reflected in the success of the Oval's Learn to Skate private and group sessions. In particular, private lessons proved to meet and exceed the expectations of parents looking for a safe and engaging experience for their young athletes. A record-breaking 9,001 private Learn to Skate lessons were booked in the calendar year. Parents appreciated the individualized training provided by Oval coaches, a service that competitors rarely offer. The move to offer Learn to Skate lessons in a one-on-one setting during the pandemic shows the staff's innovation to meet the community in their comfort zones and provide exceptional services for kids to develop their physical literacy.



### Supporting Richmond's Future Olympians and Paralympians

The fluctuating restrictions on adult sport and fitness activities provided a unique opportunity for the Oval to allocate space for user groups displaced due to facility and school closures during the pandemic. In 2021, the Oval welcomed new community user groups such as the Greater Vancouver Comets, Richmond Jets Minor Hockey Association, Saints 2010, and St. George's School. A total of 19 community-level user groups trained at the Oval throughout the year in sports such as gymnastics, soccer, hockey, figure skating, karate, basketball, aikido, and more.

### FROM INSIDE THE OVAL

#### WHAT'S IT LIKE FOR KIDS IN SUMMER SPORT CAMPS?

*Our child participated in the Get Skills and Learn to Climb summer sports camps. The staff was very engaged and welcoming. We felt comfortable leaving our five-year-old boy with the instructors and appreciated the safety measures that were in place for the participants.*

— Iris A



## Appendix A – The Corporation

The Company, which changed its name to the "Richmond Olympic Oval Corporation," on August 10, 2010, was incorporated under the name "0827805 BC Ltd." on June 16, 2008 under the Business Corporations Act of British Columbia. Its purpose is to manage the business, operations and maintenance of the Oval. The City of Richmond, as the sole shareholder of the Company, has appointed a Board of Directors consisting of a selection of community leaders with a broad range of specialized expertise.

### Directors

As of December 2021, the Company has 12 Directors. The name and Province of residence of each Director, each Director's principal occupation, and the month each Director was appointed to the Board are indicated in the chart below. The term of office for full-term directors is one to two years.

Name & Province of Residence	Principal Occupation	Director Since	Re-elected	Term
Dennis Skulsky, British Columbia, Canada	President, Skulsky Consulting Group Ltd.	February 2011	June 2021	2 years
Moray Keith, British Columbia, Canada	President, Duck Auto Group	June 2008	June 2021	2 years
George Duncan, British Columbia, Canada	Chief Administrative Officer, City of Richmond	June 2008	June 2020	2 years
Umendra Mittal, British Columbia, Canada	Executive Vice President and General Manager, Ecco Industries Ltd. and Advanced Cyclotron Systems Inc.	June 2008	June 2021	2 years
Peter Germain, British Columbia, Canada	Principal, Peter Germain & Assocs. Inc.	June 2015	June 2020	2 years
Gail Terry, British Columbia, Canada	General Manager, Richmond Auto Mall Association	June 2016	June 2020	2 years
Lisa Cowell, British Columbia, Canada	Manager, Fund and Community Development Richmond Society for Community Living	June 2016	June 2021	2 years
Walter Soe, British Columbia, Canada	Retired	June 2016	June 2020	2 years
Gary Collinge, British Columbia, Canada	General Manager, Pan Pacific Vancouver	June 2016	June 2020	2 years
Chris Gear, British Columbia, Canada	Lawyer and Business Consultant	July 2018	June 2021	2 years
Christine Nesbitt, OLY British Columbia, Canada	Transportation Planner, City of Vancouver; Master of Arts in Planning (MAP), 2021 Olympic Champion, Vancouver 2010 Olympic Silver Medalist, Torino 2006	July 2018	June 2021	2 years
Wayne Duzita, British Columbia, Canada	Associate VP Terracap Group of Companies	October 2019	June 2021	2 years

## Executive Officers

As of December 2021, the Company has two executive officers. The name and province of residence of each executive officer, the offices held by each officer and each officer's principal occupation are as follows:

Name & Province of Residence	Position	Principal Occupation
George Duncan, British Columbia, Canada	Chief Executive Officer	Chief Administrative Officer, City of Richmond
Jerry Chong, British Columbia, Canada	Chief Financial Officer	Acting General Manager, Finance & Corporate Services, City of Richmond

## Council Liaison

The City has assigned a Council liaison to attend the meetings of the Richmond Olympic Oval Board. Councillor Alexa Loo currently holds the Council Liaison position.

Name & Province of Residence	Position	Principal Occupation
Councillor Alexa Loo British Columbia, Canada	Council Liaison	Councillor, City of Richmond

## Committees

The committees of the Board and the current members of each committee are listed below.

Business Planning Committee	Audit & Finance Committee
Moray Keith (Committee Chair)	Gary Collinge (Committee Chair)
George Duncan	George Duncan
Dennis Skulsky (ex officio)	Dennis Skulsky (ex officio)
Walter Soo	Umendra Mital
Lisa Cowell	Peter German
Gail Terry	Wayne Duzita
Chris Gear	Christine Nesbitt
Christine Nesbitt	

## Appendix B – Awards Since Opening

Awarding Body	Award
Rick Hansen Foundation	2017 Circle of Excellence Award for Best Practices Towards Universal Access A Best New Attraction in Canada Award: the Olympic Experience at the Richmond Olympic Oval
Where Magazine	IOCI/IAKS All Time Award
International Olympic Committee, International Association for Sports and Leisure Facilities	IOCI/IAKS Gold Medal
International Olympic Committee, International Association for Sports and Leisure Facilities	IPC/IAKS Distinction Award
International Paralympic Committee, International Association for Sports and Leisure Facilities	Best of Canada Design Award Merit Award
Canadian Interiors, Best in Canada Design Awards	Award of Excellence for Innovation in Architecture Sustainability Star Award
CEEC Awards for Engineering Excellence	
Royal Architectural Institute of Canada	
Vancouver Organizing Committee	
Wood WORKS!	Institutional Wood Design Sports of Leisure Structures Award
Institution of Structural Engineers	Region XI Winner: New Public Assembly Building
The ASHRAE Technology Awards	Technical Merit Award
Canadian Consulting Engineer Awards	Finalist Award of Exceptional Merit in Buildings over \$100 million
National Council of Structural Engineers Association	Excelsior for Green Building Award
The Globe Foundation and the World Green Building Council	Chairman's Trade Award Gold
VRCA Awards of Excellence	Chairman's Trade Award Silver
VRCA Awards of Excellence	President's Trade Award Silver
VRCA Awards of Excellence	Manufacturer & Supplier Silver
VRCA Awards of Excellence	Electrical Contractors Over \$1 Million - Gold
VRCA Awards of Excellence	General Contractor of the Year Award
VRCA Awards of Excellence	Trade Contractor of the Year Award
CISC/ICCA Steel Awards (British Columbia Chapter)	Outstanding Steel Structure: Engineering Division Award of Excellence
Canadian Wood Council	North American Wood Design Award
Inform Awards	Honour Award, Interior Design
Concrete Reinforcing Steel Institute	Award Winner, Cultural & Entertainment Facilities
Society of American Registered Architects (SARA), New York Council	Citation
YANOC Sustainability Star Award	The 2009 Sustainability Star
2010 BUILDINGS Project Innovations Awards	Grand Prize Winner (New Construction Category)
2010 SARA Professional Design Awards Program	2010 Design Awards Competition (Philadelphia)
2010 International Property Award (Bloomberg, Inc.)	Public Services Development
2010 Athletic Business	Facility of Merit
2010 European Centre for Architecture Art Design and Urban Studies and The Chicago Athenaeum: Museum of Architecture	Green GOOD Design Awards
2010 ARIDO Award	Awards of Merit: Public and Institutional Spaces
2010 REBEV Commercial Building Awards	Legacy Merit Award
ArchDaily Building of the Year 2010	Sports Category Winner
International Property Awards	Best Public Services Development Canada
IOCI/IAKS 2011	Gold Medal Award
IPC/IAKS	Distinction Award
2010 CISC "National" Steel Design Award	Best of the Best - Across Canada

## Appendix C – 2021 Athlete Achievements

Field Hockey Canada		Richmond Resident	
Jr Boys National Team	Ayot Buttar <b>R</b>	Pan Am Cup	3rd
Jr Boys National Team	Ayot Buttar <b>R</b>	2021 World Cup	13th
Jr National Team	Ayot Buttar <b>R</b>	Pan Am Cup	Qualified for event by making national time standard Finished 52nd overall
Mens National Team		2020 Tokyo Games	Finished the Olympic Games with Draw of South Africa. Tied 9/10 position
Next Gen boys		Pan Am Cup	4th
Next Gen Girls		Pan Am Cup	1st
<b>Figure Skating</b>			
Connaught	Wesley Chu <b>R</b>	Skate Canada Challenge - Junior Men ISU Junior Grand Prix Champion - Courchevel ISU Junior Grand Prix Bronze Medalist - Russia	3rd 1st 3rd
Connaught	Liam Kaprielis	USA Figure Skating Championships - Jr men	8th
Connaught Figure Skaters Strength and Conditioning Program	Leah Lee, Rebecca Mah, David Li, Wesley Chu <b>R</b> , Ellie Cheung, Victor Lum, Jessie Sun, Louie Fukuda-Wu	Skate Canada BC/YK	Named to Provincial Team
<b>Short Track Speed Skating</b>			
Oval High Performance Short Track Speed Skating Team	Charolotte Sernoski Manuela Escobar Ballen Ryan Bolton <b>R</b> Quirin TEH <b>R</b> Paul Astor	Western Elite Circuit #1 Calgary, AB	6th in Women's A Division 2nd in Women's B Division 1st in Men's B Division 3rd in Men's B Division 4th in Men's B Division 5th in Men's B Division
Oval High Performance Short Track Speed Skating Team	Charolotte Sernoski	Short Track Canada Cup #1 (top 60 male and female Juniors in Canada)	Qualified for event by making national time standard Finished 52nd overall
Oval High Performance Short Track Speed Skating Team	Manuela Escobar Ballen, Heath Kennett, Kai Barnett	BC Winter Games 2022	Skaters qualified
<b>Table Tennis</b>			
Team Canada	Mo Zhang	2020 Tokyo Games	Named to Team Canada
Cilus Table Tennis	Max Ji	Jr Pan Am Qualifiers	First in category
<b>Volleyball</b>			
REP	Mackenzie Fernback	AA Girls Volleyball Provincials	Bronze
REP	Avery Duncan	AA Girls Volleyball Provincials	Bronze
REP	Kara Chan <b>R</b>	Team BC Selects	Selected

Other Sports		PEAK		Marina Radocaj <b>R</b>		FIBA U16 Americup		2nd		Aug 29	
Basketball											
Wheel Chair Rugby	Mens National Team	Byron Green	Tokyo Paralympics	Competed	Aug						
Wheel Chair Basketball	Womens National Team	Tara Llanes	Tokyo Paralympics	Competed	Aug						
Softball	Womens National Team		2020 Tokyo Games	Bronze	Aug						
Speed Climbing	Climbing Escalade Canada	Alanah Yip	2020 Tokyo Games	Set Personal Best in Speed Climbing	Aug						
Speed Walking	Athletics Canada	Even Dunfee	2020 Tokyo Games	Bronze	Aug						

## Appendix D – 2021 HP Facility and Service User Groups

Community		National		Provincial	
Air Attack Volleyball	BC Table Tennis Association				
Asahi Baseball	BC Wheelchair Basketball Society				
Aura Rhythmic Gymnastics	BC Wheelchair Sports Association				
Brazilian Soccer School	Fencing BC				
Cilus Table Tennis Club	Field Hockey BC				
Connaught Figure Skating	Karate BC				
Delta Gymnastics Society	Rowing BC				
DRIVE Basketball	Softball BC				
False Creek Racing Canoe Club	Sport Ability BC				
Fusion Football Club	Sport Climbing BC				
Greater Vancouver Canadians	ViaSport				
John M Lecky Boathouse	Volleyball BC				
Kajoks Track and Field	Basketball BC				
Panther Cheer	<b>National</b>				
Prosperous Badminton	Basketball Canada				
Richmond FC	Canadian Women Para Ice Hockey				
Richmond Rockets	Climbing Escalade Canada				
Split Second Basketball	Fencing Canada				
Thunder Volleyball Club	Field Hockey Canada				
Vancouver Female Ice Hockey Association	Gymnastics Canada				
Vancouver Football Club	Hockey Canada				
Vancouver Thunderbird Hockey Association	Softball Canada				
Greater Vancouver Comets	Table Tennis Canada				
Element Volleyball Club	USA Hockey				
Velocity Volleyball Club	Volleyball Canada				
Table Tennis North (Table Tennis Yukon/North West Territories)	Wheelchair Rugby Canada				
<b>Provincial</b>	Athletics Canada				
Badminton BC	Bobsleigh Skeleton Canada				
BC Athletics	BC Rhythmic Gymnastics				
BC Hockey	BC Speed Skating Association				

## Appendix E – Management's Discussion and Analysis

Management's discussion and analysis provides an overview of the Corporation's business operations for the year ended December 31, 2021 relative to the year ended December 31, 2020.

This management's discussion and analysis should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2021 and the accompanying notes. The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

### ABOUT THE CORPORATION

The Richmond Olympic Oval Corporation (the "Corporation") was incorporated on June 16, 2006 under the Business Corporations Act of British Columbia as a municipal corporation wholly-owned by the City of Richmond (the "City"). The Corporation's objectives with respect to the long-term use and operation of the Richmond Olympic Oval facility (the "Oval") include but are not limited to the following: a) the Oval will be developed, used and promoted for a training and competition facility for high performance sport; b) the Oval will provide facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public; c) the Oval will provide facilities for non-sporting, community and entertainment events; and d) the Oval will provide ancillary commercial, retail, health and wellness services to enhance its use in respect of the activities set out above.

The Corporation operates in a highly competitive sport and fitness market which offers personal training, group fitness classes, high performance training, yoga, wellness, weight training and sport specific facilities. The Corporation also hosts many local and national events and also has various open spaces and rooms which are available for rent to the public. In addition, the Corporation also operates an Olympic museum and a retail store as part of the overall services offered to the public.

In 2021, the Corporation continued its gradual restoration of services approach to the COVID-19 pandemic. With safety and community health as our guiding principles, the Corporation remained agile and continued to make operational adjustments to adhere to evolving provincial health orders and province wide restrictions.

### OVERVIEW OF PERFORMANCE

#### REVENUE

2021 revenue from memberships, admissions and programs totalled \$5,472,000 (2020 - \$3,724,000). In 2021, revenue from these sources of \$1,059,000 was deferred to fiscal 2022 (2020 - \$968,000 was deferred to 2021).

The City applies for and receives funding from the 2010 Games Operating Trust ("GOT") as explained in note 5 to the financial statements. The City received \$3,928,000 during the year which was recognized as revenue earned in the year (2020 - \$2,957,000).

The Corporation received a contribution of \$3,670,000 from the City in 2021 (2020 - \$3,598,000).

Other revenue of \$1,136,000 was recognized in 2021 (2020 - \$1,475,000) and mainly consisted of parking, leasing, sponsorship and capital funding revenue.

#### EXPENSES

During 2021, expenses were incurred for the following:

- Salaries and benefits of \$9,802,000 (2020 - \$7,430,000). There were approximately 71 full-time, and 202 part-time employees on the payroll as of December 31, 2021; (2020 - 66 full-time and 232 part-time employees);
- Other operating expenses incurred in 2021 totalled \$5,290,000 (2020 - \$5,155,000) and mainly included the following:
  - Facility operations of the Oval including the heat, light and power, and building maintenance;
  - Amortization costs of tangible capital assets;
  - Property and liability insurance;
  - Costs associated with running and marketing the Oval programs and rentals of facilities based on progressive restoration of programs and services;
  - Administration costs related to accounting, information technology, development of organizational infrastructure such as safety programs, internal controls, office supplies and equipment support, human resource policies, etc; and
  - Professional fees mainly related to legal and accounting fees.

The annual surplus for 2021 was \$115,000 (2020 - \$831,000 annual deficit). The total accumulated surplus as of December 31, 2021 is \$18,768,000 (2020 - \$18,653,000). Please refer to note 8 to the financial statement notes for the details of the accumulated surplus balance.

### Summary of Financial Position

The following table presents summary information on the Corporation's financial position at December 31, 2021.

	\$'000s	
	2021	2020
Financial Assets	\$13,407	\$14,261
Liabilities	7,488	7,425
Net Financial assets	\$5,919	\$6,836
Non - Financial assets	\$12,849	\$11,817
Accumulated surplus	\$18,768	\$18,653

#### FINANCIAL ASSETS

The Corporation has a cash balance of \$1,359,000 at year end (2020 - \$2,107,000). The investments balance is \$11,577,000 (2020 - \$11,610,000). The investments represent the Corporation's investments held in term deposits. The accounts receivable aggregating \$332,000 (2020 - \$375,000) resulted primarily from the sales of memberships, admissions, programs, and rentals. Inventories held for resale of \$140,000 (2020 - \$154,000) primarily consists of merchandise and products to be sold.

#### LIABILITIES

Accounts payable and accrued liabilities of \$1,848,000 (2020 - \$1,922,000) include payroll accruals, and trade payables for heat, light, power, building maintenance expenditures, legal and audit fees. Deferred revenue of \$5,624,000 (2020 - \$5,496,000) includes unspent funding pertaining to the Sport Hosting department and the Richmond Olympic Experience project, sponsorship fees, and the pro rata portion of fees received in 2021 for membership and programs to be delivered in 2022. The amount due to the City of \$9,000 (2020 - \$15,000) due from the City) arises in the normal course of operations. A rental deposit of \$7,000 (2020 - \$7,000) is held as of the end of the year.

#### NON-FINANCIAL ASSETS

As at December 31, 2021, the Corporation had \$24,771,000 (2020 - \$22,577,000) of capital assets primarily pertaining to athletic equipment, building improvements, computer software and equipment, facility equipment, infrastructure and assets relating to the Richmond Olympic Experience project and the Mezzanine Infill project. Amortization for the year was \$1,739,000 (2020 - \$1,669,000). Accumulated amortization of the capital assets amounted to \$12,624,000 (2020 - \$10,889,000) at year end.

Prepaid expenses of \$702,000 (2020 - \$130,000) primarily consists of unamortized portions of the premiums on the Corporation's insurance policies together with prepaid information technology licences, and equipment maintenance.

#### ACCUMULATED SURPLUS

The Corporation has an authorized share capital consisting of an unlimited number of common shares without par value. One share has been issued to the Corporation's parent, the City.

The capital reserve balance is \$8,100,000 (2020 - \$7,810,000), other reserves/provisions is \$1,559,000 (2020 - \$1,617,000), accumulated operating surplus is \$606,000 (2020 - \$605,000), and the amount invested in tangible capital assets is \$8,503,000 (2020 - \$8,621,000) for a total accumulated surplus balance of \$18,768,000 (2020 - \$18,653,000).

### Liquidity and Capital Resources

#### OPERATING

Cash provided by operations in the year amounted to \$1,419,000 (2020 - \$1,440,000).

#### CAPITAL ACTIVITIES

The Corporation purchased capital assets consisting primarily for sport and fitness including building improvements, information technology, facility equipment and infrastructure and assets relating to the Richmond Olympic Experience project totalling \$2,201,000 (2020 - \$2,371,000).

#### RELATED PARTY TRANSACTIONS

The Corporation is a municipal corporation wholly-owned by the City. Note 10 to the financial statements discloses related party transactions.



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Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Richmond Olympic Oval Corporation

### Opinion

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

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

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

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

### Basis for Opinion

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

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

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

### Other Information

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

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

Financial Statements of  
**RICHMOND OLYMPIC OVAL  
CORPORATION**  
And Independent Auditors' Report thereon  
Year ended December 31, 2021  
**CNCL - 46  
(Special)**

CPER, the Canadian Public Enterprise Reporting Board, is a not-for-profit organization that provides guidance on the preparation and presentation of financial statements for public enterprises. For more information, visit [www.cper.ca](http://www.cper.ca).

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

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

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

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

We have nothing to report in this regard

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

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

*KPMG LLP*

Chartered Professional Accountants  
Vancouver, Canada  
April 20, 2022

# RICHMOND OLYMPIC OVAL CORPORATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

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

Economic dependence (note 12)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director

 Director

# RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

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

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

See accompanying notes to financial statements.

## RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

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

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

See accompanying notes to financial statements.

## RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

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

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

See accompanying notes to financial statements.

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

### 1. Incorporation and nature of business:

The Richmond Olympic Oval Corporation (the "Corporation") was incorporated on June 16, 2008 under the Business Corporations Act of British Columbia as a municipal corporation wholly-owned by the City of Richmond (the "City"). The business of the Corporation is to use the Richmond Olympic Oval facility (the "Oval") to provide a venue for a wide range of sports, business and community activities, including, but not limited to, being the long-track speed skating venue for the 2010 Olympic and Paralympic Winter Games (the "Games").

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

### 2. Significant accounting policies:

#### (a) Basis of presentation:

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

#### (b) Revenue recognition:

Memberships, admissions and programs fees are recorded as revenue in the period that the services are rendered, with any unearned portion recorded as deferred revenue. Annual distributable amounts and trust income amounts are recognized as revenue when the amounts are approved by the 2010 Games Operating Trust (note 5) and when the related operating expenses and capital maintenance costs of the Oval are incurred. Any amounts received but not yet spent are recognized as deferred revenue.

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

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

#### (c) Financial instruments:

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

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

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

#### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Tangible capital assets:

Tangible capital assets are initially recorded at cost. Amortization is provided on a straight-line basis at rates that reflect estimates of the economic lives of the assets over the following periods:

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

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

#### (ii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

#### (e) Pension plan:

The Corporation and its employees make contributions to the Municipal Pension Plan (the "Plan"). As the Plan is a multi-employer contributory defined benefit pension plan, these contributions are expensed as incurred.

#### (f) Income taxes:

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

#### (g) Functional and object reporting:

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

## 2. Significant accounting policies (continued):

### (h) Budget data:

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

### (i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring the use of management estimates relate to the determination of valuation of accounts receivable and useful lives of tangible capital assets for amortization. Actual results could differ from those estimates. The estimates are reviewed periodically and as adjustments become necessary, they are recorded in surplus (deficit) in the year in which they become known.

### (j) Government transfers:

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

## 3. Investments:

Investments represent term deposits as follows:

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

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

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

## 4. Due from/to City of Richmond:

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

## 5. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for the Games, the Government of Canada and the Province of British Columbia agreed to establish the Legacy Endowment Fund (the "Fund") and to each contribute \$55 million. On March 31, 2004, under the terms of the 2010 Games Operating Trust Agreement ("GOT"), an irrevocable trust was created known as GOT and the 2010 Games Operating Trust Society (the "Society") became the trustee of the Fund. The purpose of the Fund is to fund operating expenses and capital maintenance costs of certain facilities created for the Games, specifically the Oval and the Whistler Sliding Centre and Nordic Centre, and to assist with the continued development of amateur sport in Canada. Subsequent to the formation of the GOT, the City, as owner of the Oval, became a beneficiary of the GOT and became responsible for complying with obligations set by the Society and GOT in order to receive funding.

Effective December 31, 2007:

- (a) the Society Board divided the Fund into three funds: the Speed Skating Oval Fund; the Whistler Sliding Centre and Nordic Centre Fund; and the Contingency Fund; and
- (b) the Society Board divided the capital and any accumulated but undistributed income of the Fund as follows: Speed Skating Oval Fund (40%); Whistler Sliding Centre and Nordic Centre Fund (40%); and the Contingency Fund (20%).

Effective April 21, 2009, the City entered into an agreement with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ("VANOC"). The agreement details the terms and conditions to which the City is required to adhere in order to receive funding from GOT. Effective September 1, 2011, VANOC assigned the agreement to the Society.

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

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

**6. Deferred revenue:**

	2021	2020
Balance, beginning of year	\$ 5,495,607	\$ 5,827,008
Add: amounts received	6,737,141	4,867,629
Less: revenue recognized	(6,608,383)	(5,199,030)
Balance, end of year	\$ 5,624,365	\$ 5,495,607
Deferred revenue comprises of:		
Memberships and programs	\$ 1,058,726	\$ 967,521
Sponsorship fees	73,000	70,683
Sport Hosting funding (note 10(b))	754,223	554,090
Richmond Olympic Experience (note 10(b))	3,738,416	3,903,313
	\$ 5,624,365	\$ 5,495,607

**7. Tangible capital assets:**

	Balance December 31, 2020	Additions	Disposals	Balance December 31, 2021
Athletic equipment	\$ 3,975,499	\$ 76,652	\$ (7,122)	\$ 4,045,029
Building improvements	2,389,711	620,834	-	2,980,545
Computer software and equipment	3,182,820	331,669	-	3,524,589
Facility equipment	1,283,926	112,020	-	1,395,946
Infrastructure	5,880,940	-	-	5,880,940
Signage	1,778,527	5,309	-	1,838,836
Simulators and exhibit fabrication	3,863,512	9,401	-	3,872,913
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	348,249	22,751	-	371,000
WIP projects	1,427,623	1,022,359	-	2,449,982
	\$ 22,576,636	\$ 2,200,995	\$ (7,122)	\$ 24,770,509

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

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

	Balance December 31, 2020	Amortization expense	Disposals	Balance December 31, 2021
Athletic equipment	\$ 2,331,273	\$ 298,750	\$ (3,561)	\$ 2,627,462
Building improvements	1,424,672	446,047	-	1,870,719
Computer software and equipment	2,757,878	280,151	-	3,048,029
Facility equipment	1,142,647	102,894	-	1,245,541
Infrastructure	757,023	147,023	-	904,046
Signage	139,171	16,344	-	155,515
Simulators and exhibit fabrication	1,949,527	411,364	-	2,360,891
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	321,227	25,130	-	346,357
	\$ 10,889,147	\$ 1,738,703	\$ (3,561)	\$ 12,624,289

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

The Oval land and building complex and its major equipment components are the property of the City and are not recorded in these financial statements.

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

**8. Accumulated surplus:**

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

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

### 9. Financial risk management:

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

#### (a) Credit risk:

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

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

#### (b) Market and interest rate risk:

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

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

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

#### (c) Liquidity risk:

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

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

There have been no changes in risk disclosures since 2020.

### 10. Related party transactions:

#### (a) City of Richmond:

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

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

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

### 10. Related party transactions (continued):

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

The Corporation is party to the Richmond Oval Agreement (the "Agreement") with the City, which had an effective date of July 1, 2008. The Agreement established the terms and conditions of the relationship between the City and the Corporation. In accordance with the Agreement, the City will provide, for the first 15-years of the term, financial support as agreed between the City and the Corporation from time to time; for the years 2010, 2011 and 2012 the annual financial support shall not be less than \$1,500,000 per year indexed at the City of Vancouver's Consumer Price Index. After 15-years, any financial assistance from the City will be determined by the City in its sole discretion.

During 2021, the Corporation received a contribution from the City of \$3,669,985 (2020 - \$3,597,926) (note 15).

#### (b) Sport Hosting Function:

Effective July 1, 2011, the Sport Hosting function of the City was transferred to the Corporation. This function is fully funded by the hotel tax. In 2021, \$325,000 (2020 - \$258,804) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2021, \$754,223 (2020 - \$554,089) has been included in deferred revenue (note 6) and during 2021, \$124,867 (2020 - \$178,582) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

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

### 11. Pension plan:

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

**RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements

Year ended December 31, 2021

**RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements

Year ended December 31, 2021

**11. Pension plan (continued):**

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

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

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

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

**12. Economic dependence:**

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

**13. Contractual rights:**

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

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

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

**14. Other revenue:**

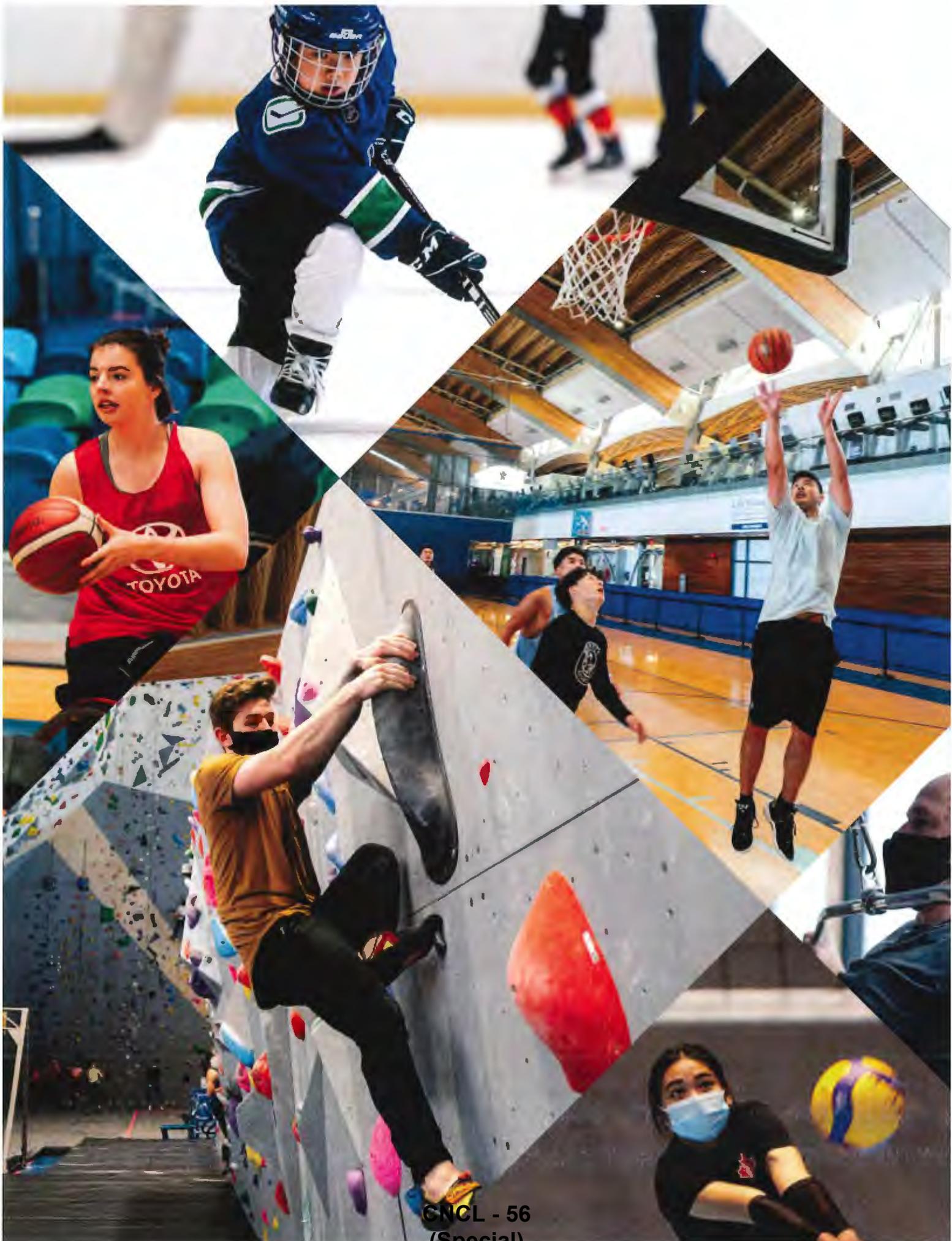
Other revenue consists primarily of sponsorship revenue, leasing revenue, parking fees, and interest income.

**15. Government transfers:**

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



CNCL - 55  
(Special)





**To:** Mayor and Councillors (“the Shareholder”)

**Date:** April 26, 2022

**From:** Peter Russell, MCIP, RPP  
Director, Sustainability and District Energy

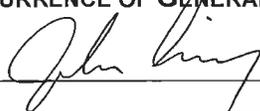
**Re:** **2022 Annual General Meeting Resolution of the Lulu Island Energy Company**

**Staff Recommendation**

That the unanimous consent resolutions of the shareholder in Attachment 1 of the Lulu Island Energy Company report dated April 11, 2022, be endorsed.

Peter Russell, MCIP, RPP  
Director, Sustainability and  
District Energy  
(604-276-4130)

Att. 1

<b>REPORT CONCURRENCE</b>	
<b>CONCURRENCE OF GENERAL MANAGER</b> 	
<b>REVIEWED BY SMT</b>	<b>INITIALS:</b> 
<b>APPROVED BY CAO</b> 	





6911 NO. 3 ROAD  
RICHMOND, BC V6Y 2C1

## Report

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**DATE:** April 11, 2022  
**TO:** Board of Directors  
**FROM:** Alen Postolka, P.Eng., Manager, District Energy  
**Re:** **2022 Annual General Meeting Resolutions of the Lulu Island Energy Company**

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### Staff Recommendation

That:

1. the Board recommend to Council (the Shareholder) that they approve and adopt the unanimous consent resolutions (Attachment 1) of the staff report dated April 11, 2022 addressing the business that would otherwise be required to be transacted at an annual general meeting;
2. KPMG LLP be appointed as auditors of the Lulu Island Energy Company (LIEC) until LIEC's next annual reference date or until a successor is appointed, at a remuneration to be fixed by the Directors (Attachment 2);
3. the following persons be appointed to the offices set opposite their respective names to hold office at the pleasure of the Directors (Attachment 3):  
John David Irving – CEO  
Jerry Ming Chong – Chair and CFO  
Cecilia Maria Achiam – Vice Chair and Corporate Secretary
4. the financial statements of the Company for the period ending December 31, 2021, and the report of the auditors thereon, are hereby approved, and that any one director of the Company is hereby authorized to sign the financial statements to confirm that approval (Attachment 4);
5. the Lulu Island Energy Company 2021 Annual Report (Attachment 5) be approved and presented to the shareholder at the Special Council Meeting on May 16, 2022.

## **Origin**

Lulu Island Energy Company Ltd. (LIEC) is required, at least once in every calendar year, within six months of its fiscal year end and no more than 15 months from its last annual reference date to have its sole shareholder, the City of Richmond, endorse consent resolutions addressing the business that would otherwise be required to be transacted at an annual general meeting.

Furthermore, LIEC articles of incorporation requires that the Board appoint an auditor and officers of LIEC, and that LIEC holds an annual information meeting open to the public, at which LIEC will present the audited financial statements for the previous fiscal year approved by the Board on April 12, 2022.

This report presents resolutions for the LIEC Board's approval to address the above legislated requirements.

## **Background**

LIEC, a corporation wholly-owned by the City of Richmond, was established to provide district energy services for the City. Under direction from Council, and following receipt of the necessary approval from the Inspector of Municipalities, the incorporation of LIEC was completed in August 2013.

In June 2014, the City and LIEC executed a District Energy Utilities Agreement, assigning LIEC the function of establishing and operating district energy systems, as well as providing thermal energy services on behalf of the City.

LIEC currently owns and operates the Alexandra District Energy (ADEU) Utilities, Oval Village District Energy (OVDEU), and advances new district energy opportunities in the City Centre area. Both the Alexandra and the Oval Village neighbourhoods are experiencing rapid redevelopment, and LIEC has been expanding to meet this increased energy demand, while maintaining exceptional reliability, transparency in operations, industry-competitive customer rates and quality customer service. In the City Centre, negotiations are nearing completion as the service area continues to expand.

## **Analysis**

As per Section 10.2 of the LIEC articles of incorporation, in order for the annual general meeting of the LIEC shareholder to be deemed as held, the City of Richmond, as the only shareholder of LIEC, is required to consent by a written resolution under the Business Corporations Act to all of the business that is required to be transacted at a shareholder meeting. The practice of the City is that this is carried out at a Special Council meeting. The details of the annual business that is required to be transacted at this meeting are included in the resolution in Attachment 1.

At the same time, there are also some annual legislated requirements, which need to be reviewed and approved by Directors of the corporation in accordance with the British Columbia *Business Corporations Act* and LIEC's articles. The details of these requirements are included in Attachments 2, 3, 4 and 5.

The LIEC 2021 Annual Report is presented to the Board for their approval. In summary, LIEC financial statements show positive financial results and good financial health of the company. In recognition of the company's innovative and progressive initiatives with the focus on customer service excellence, LIEC was the recipient of two major awards in 2021.

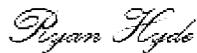
Overall, by the end of 2021, over 5.3 million square feet of residential, commercial, and institutional buildings were serviced by district energy in Richmond.

### **Financial Impact**

None.

### **Conclusion**

The presented resolutions are legislated requirements under LIEC's articles and the British Columbia *Business Corporation Act* and it is recommended that they be approved.



Ryan Hyde,  
Assistant Project Manager  
Lulu Island Energy Company  
(604-204-8706)

- Att. 1: Unanimous Resolutions of the Shareholder of LIEC
- Att. 2: Notice of Appointment of Auditor
- Att. 3: Consent Resolution of the Directors of LIEC – Appointment of Officers
- Att. 4: Consent Resolution of the Directors of LIEC – Financial Statements
- Att. 5: LIEC 2021 Annual Report

**UNANIMOUS RESOLUTIONS OF THE SHAREHOLDER OF**

**LULU ISLAND ENERGY COMPANY LTD.**

(the "Company")

The undersigned, being the sole voting shareholder of the Company, hereby consents to and adopts in writing the following unanimous resolutions:

**Annual General Meeting**

RESOLVED THAT:

1. the shareholder acknowledges that the financial statements of the Company for the period ended December 31, 2021, and the report of the auditors thereon, have been provided to the shareholder in accordance with the requirements of the British Columbia *Business Corporations Act*;
2. all lawful acts, contracts, proceedings, appointments and payments of money by the directors of the Company since the last annual reference date of the Company, and which have previously been disclosed to the shareholder, are hereby adopted, ratified and confirmed;
3. the number of directors of the Company is hereby fixed at 6;
4. the following persons, each of whom has consented in writing to act as a director, are hereby elected as directors of the Company, to hold office until the next annual general meeting of the Company or unanimous resolutions consented to in lieu of holding an annual general meeting, or until their successors are appointed:  
  
Cecilia Maria Achiam  
Jerry Ming Chong  
John David Irving  
Joseph Erceg  
Kirk Taylor  
Anthony Capuccinello Iraci
5. KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors; and
6. May 16, 2022 is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of \_\_\_\_\_, 2022.

CITY OF RICHMOND

Per: \_\_\_\_\_

**NOTICE OF APPOINTMENT OF AUDITOR**

TO: KPMG LLP  
Metrotower II  
2400 - 4710 Kingsway  
Burnaby, BC V5H 4N2

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

DATED as of \_\_\_\_\_, 2022.

LULU ISLAND ENERGY COMPANY LTD.

Per: \_\_\_\_\_

**CONSENT RESOLUTION OF THE DIRECTORS OF**  
**LULU ISLAND ENERGY COMPANY LTD.**  
(the "Company")

The undersigned, being all of the directors of the Company entitled to vote on the resolution, hereby consent to and adopt in writing the following resolution:

**Appointment of Officers**

RESOLVED THAT the following persons be appointed to the offices set opposite their respective names to hold office at the pleasure of the directors:

Name	Office
John David Irving	Chief Executive Officer
Jerry Ming Chong	Chief Financial Officer and Chair
Cecilia Maria Achiam	Corporate Secretary and Vice Chair

**Execution by Counterparts**

This resolution may be consented to by the directors signing separate counterparts of the resolution, which may be delivered by electronic means, and notwithstanding the respective dates of execution of the separate counterparts shall be deemed to be effective as at \_\_\_\_\_, 2022.

\_\_\_\_\_  
CECILIA MARIA ACHIAM

\_\_\_\_\_  
JERRY MING CHONG

\_\_\_\_\_  
JOHN DAVID IRVING

\_\_\_\_\_  
JOSEPH ERCEG

\_\_\_\_\_  
KIRK TAYLOR

\_\_\_\_\_  
ANTHONY CAPUCCINELLO IRACI

**CONSENT RESOLUTION OF THE DIRECTORS OF**

**LULU ISLAND ENERGY COMPANY LTD.**

(the "Company")

The undersigned, being all of the directors of the Company entitled to vote on the resolution, hereby consent to and adopt in writing the following resolution:

**Approval of Financial Statements**

RESOLVED THAT the financial statements of the Company for the period ended December 31, 2021, and the report of the auditors thereon, are hereby approved, and that any one director of the Company is hereby authorized to sign the financial statements to confirm that approval.

**Execution by Counterparts**

This resolution may be consented to by the directors signing separate counterparts of the resolution, which may be delivered by electronic means, and notwithstanding the respective dates of execution of the separate counterparts shall be deemed to be effective as at \_\_\_\_\_, 2022.

\_\_\_\_\_  
CECILIA MARIA ACHIAM

\_\_\_\_\_  
JERRY MING CHONG

\_\_\_\_\_  
JOHN DAVID IRVING

\_\_\_\_\_  
JOSEPH ERCEG

\_\_\_\_\_  
KIRK TAYLOR

\_\_\_\_\_  
ANTHONY CAPUCCINELLO IRACI



2021 | Annual Report

Clean, efficient  
energy, for now  
and the future.



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A view inside the mechanical room of a building connected to district energy services.



## ■ MESSAGE FROM THE BOARD CHAIR

The Lulu Island Energy Company (LIEC) continues to grow and provide exemplary service to customers while simultaneously achieving community objectives to create a more sustainable future for Richmond. In the face of uncertainty and changing working conditions, district energy service areas expanded to meet increased demand for clean energy. We understand that our customers were at home more often than usual due to health orders, making our services that much more critical. Despite challenges caused by the pandemic, the Alexandra, Oval Village and City Centre District Energy Utilities further expanded in order to meet demand while maintaining LIEC's commitment to efficient, reliable service to existing customers. Overall, the Company forged ahead after transitioning to a flexible workplace and continued to maintain its commitment to customer service excellence. As expected, the LIEC team focused on supporting new connections to the district energy network; new development and construction continued in 2021 without any delays. All of these important events are summarized in this year's annual report.

2021's work by the Company solidified LIEC's district energy business as an important contributor in achieving the City of Richmond's vision. In this context, I present the 2021 Annual Report to our shareholder, the City of Richmond, as a record of the company's financial performance and customer service excellence.

A handwritten signature in black ink, appearing to read 'Jerry Chong', written in a cursive style.

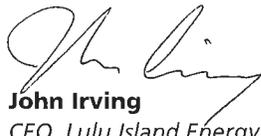
**Jerry Chong**  
*Chair, Lulu Island Energy Company*

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In 2021, LIEC expanded infrastructure and service areas despite ongoing challenges brought on from the COVID-19 pandemic. The uncertainty caused by the pandemic was mitigated by LIEC's focus on customer service and attention to operational excellence. Despite facing industry-wide supply chain disruptions that resulted in cost escalation and procurement challenges, staff diligently collaborated with partners and customers to ensure the timely and efficient delivery of scheduled projects.

LIEC continued to grow service areas by connecting new customers to the district energy network in 2021. The Alexandra District Energy Utility (ADEU), powered by geo-exchange technology, continued its expansion by connecting a new residential development. During an unprecedented heatwave, the ADEU met 100% of the cooling demand from customers using its low-carbon geo-exchange system. The Oval Village District Energy Utility (OVDEU) continued expansion with the addition of a mixed-use development which will be connected to the future permanent sewer heat recovery energy centre. Completion of this project is estimated for early 2025. LIEC was recognized by the Community Energy Association as Richmond was presented with the 2021 Climate and Energy Action Award, highlighting the district energy implementation program and its exemplary best practices in technology, impact and economics.

The City Centre service area continued to grow to approximately 5 million ft<sup>2</sup> with the addition of another development. Significant construction activity is underway as the first City Centre District Energy Utility building is developed. New developments in this area will be serviced by low carbon energy systems in the coming years. I am pleased to report that LIEC continues to be Richmond's solution for delivering "clean, efficient energy for now and the future." This report provides a summary of the outcomes of the company's hard work with its partners and customers in 2021 and its excellent financial standing.



**John Irving**  
CEO, Lulu Island Energy Company





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(Special)

## ABOUT THE COMPANY AND DISTRICT ENERGY IN RICHMOND

LIEC is a wholly-owned municipal corporation, established to operate district energy utility systems in the City of Richmond on the City's behalf.

The goals of LIEC are to:

- establish a highly efficient district energy network providing heating and, in some cases cooling services to buildings at competitive rates;
- provide reliable, resilient local energy for the benefit of its customers;
- operate and maintain low carbon energy systems;
- position the City of Richmond to be a national and international leader in district energy utilities;
- develop and manage effective partnerships; and
- sustain long term financial viability.

LIEC was incorporated in August 2013. On December 31, 2021, LIEC had tangible capital assets of \$38,905,146 relating to the development of the Alexandra and Oval Village District Energy Utilities. For the year ended December 31, 2021, LIEC had revenues of \$6,718,069 related to meter billing fees, service fees, connection fees, and energy model review fees, and total expenses of \$5,807,029.

### Did you know?

The ADEU met 100% of the cooling demand from the 2.4 million ft<sup>2</sup> service area during the record-breaking 2021 heatwave.



Distribution piping at the OVDEU.

## ■ SPOTLIGHT ON 2021: PROGRESS REPORT

### LIEC Provides Essential Service During the COVID-19 Pandemic

During the COVID-19 pandemic in 2021, LIEC continued to deliver uninterrupted service to customers while energy demand increased due to residents staying at, and working from home. Even with LIEC delivering business as usual services, customer rate increases were kept below conventional utility rates to support residents during this time of economic hardship. LIEC's goal was to provide the highest level of service to its growing customer base so customers could focus on navigating the challenges brought on by COVID-19.

### Historic Heatwave: Alexandra District Energy Utility (ADEU) Meets High Cooling Demand

In June, demand for cooling was a top priority for Richmond residents as temperature records were broken during a heatwave. Even with substantial increases in cooling usage, the ADEU met 100% of the cooling demand from the 2.4 million ft<sup>2</sup> of connected floor area using its low-carbon geo-exchange system and evaporative fluid coolers. The ADEU provides resilient and reliable service to customers through unprecedented temperature fluctuations.

### Oval Village District Energy Utility (OVDEU) Service Area Expansion

As of 2021, the OVDEU's three interim energy centres provide heating and domestic hot water energy services to 11 buildings in the Oval Village (6 multi-unit residential buildings and 5 mixed-use buildings) connecting 2,541 units and just over a total of 2.9 million ft<sup>2</sup> of floor space. The interim energy centres, complete with 15MW of heating capacity, provided a reliability of 99.8%. A permanent energy centre is scheduled to be completed by 2025 which replaces the interim energy centres currently servicing the OVDEU. The permanent energy centre will extract renewable thermal energy from the Gilbert Trunk sanitary force main sewer to provide clean energy to Richmond residents in the service area. The OVDEU also added a mixed-use building to its network in 2021 which was connected in Q2.

### ADEU New Building Connections

One new development was connected to the ADEU in 2021, increasing the total connected floor area to over 2.4 million ft<sup>2</sup>. LIEC's flagship geo-exchange system now provides energy services to 13 buildings (10 multi-unit residential buildings, the Jamatkhana Temple, the Central at Garden City development, and Richmond's Fire Hall No. 3) connecting over 2,200 residential units and over 300,000 ft<sup>2</sup> of non-residential floor area. As of December 31, 2021, the ADEU system delivered 48,427MWh of energy to customers for space heating, cooling and domestic hot water heating. Due to the efficient operation of the system, more than 90% of the energy delivered was low carbon energy from the local geo-exchange fields. In 2021 ADEU was also awarded EuroHeat and Power's 2021 Emerging Market Award, recognizing the utility's excellence in providing sustainable energy solutions.

## District Energy in the City Centre Area

The City Centre District Energy Utility's (CCDEU) due diligence process, assessment of infrastructure strategies and low carbon solutions is being finalized. LIEC implemented a servicing strategy to expand LIEC's customer base that enables immediate implementation of GHG emissions reduction for upcoming developments throughout the City Centre area. This servicing strategy requires developments in the City Centre area undergoing rezoning to utilize onsite low-carbon energy plants so that LIEC can provide immediate heating, cooling, and domestic hot water heating service to these customers. To-date, 11 developments have been incorporated into the CCDEU bylaw service area, amounting to approximately 5 million ft<sup>2</sup>. The majority of this space is residential use, with some commercial, office and retail uses as well. LIEC eagerly anticipates the connection of the first CCDEU building as it nears the end of its development. The CCDEU systems are under various stages of development and will service customers in 2022.

## Barn Owl Box Update at the ADEU

Barn owl nesting boxes were included in the design of the ADEU energy centre with the hope that barn owls would use them as a nesting location. In April 2021, LIEC was pleased to find that a barn owl had been brooding in the owl box attached to the ADEU energy centre. The Fraser Valley Conservancy's tracking system determined that this individual was likely born in another owl box in Richmond. These boxes will provide a safe home for barn owls, as well as nearby access to a community parks for hunting. LIEC is not only committed to providing clean energy to Richmond residents but also to taking measures to ensure community wildlife is protected in the process.



The ADEU network is further expanded to provide more customers with clean energy.

## LOOKING FORWARD: 2022 WORK PLAN

### Ongoing Development in the Oval Village Area

Development activity continues in the Oval Village DEU service area. LIEC continuously monitors development activity and is working diligently with the OVDEU concessionaire, Corix Utilities, to ensure OVDEU customers receive quality service and build the necessary infrastructure to service new developments. With the receipt of \$6.2 million in funding from the CleanBC Communities Fund in 2020, LIEC has commenced a sewer heat recovery energy centre (SHR) project which will serve as the permanent energy centre for the OVDEU. This project will increase service capabilities and be completed by 2025. The service area also expects two new connections in 2022, Aspac Lot 13 and Aspac Lot 17, which will add over 532,000 ft<sup>2</sup> of floor space to be serviced by the OVDEU. By leveraging expertise in design, construction and operation of district energy utilities, the OVDEU team will ensure the delivery of 2022 expansion projects are on time and budget, while continuing to provide resilient and reliable energy services to our existing customers.

#### Anticipated Occupancy

Aspac Lot 13 – 6899 Pearson Way	2022
Aspac Lot 17 – 6811 Pearson Way	2022
Riva Building 4 – 7771 Alderbridge Way	2023
Aspac Lot 7a – 5491 No 2 Road	2024
Aspac Lot 7a – 5491 No. 2 Road	2024



Distribution piping being implemented to connect another building to the OVDEU.

## Alexandra District Energy Utility Expansion

After rapid growth in 2021, expansion and development in the West Cambie neighbourhood continues. One new building is expected to connect to ADEU in 2022. This new developments will increase the connected floor by over 200,000 ft<sup>2</sup>, bringing the total serviced area to 2.5 million ft<sup>2</sup> with 14 connected buildings. Efficient planning allowed for the prior installation of distribution piping for this building, so the connection will be completed with no impact to the public roadways. The implementation of new supervisory control and data acquisition (SCADA) system and remote video monitoring system will allow LIEC to improve its remote operation capabilities, lowering operating costs and improving system reliability. Additionally, replacement piping will be installed along McKim Way due to operational issues with the current distribution piping in the area.

### Anticipated Occupancy

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Primstone Gardens – 4008 Stolberg Street

2022

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## New District Energy Services in City Centre

Once CCDEU due diligence for a servicing strategy is complete, LIEC will be providing to City Council, recommendations on the expansion of the City Centre DEU service area, as well as the proposed implementation delivery model. LIEC staff continue to work closely with the developments already committed to installing onsite low carbon energy plants to ensure the infrastructure is designed and constructed to meet LIEC's high quality standards, and is ready to connect to future CCDEU infrastructure.



Rapid development continues in Richmond.

## ALEXANDRA DISTRICT ENERGY UTILITY

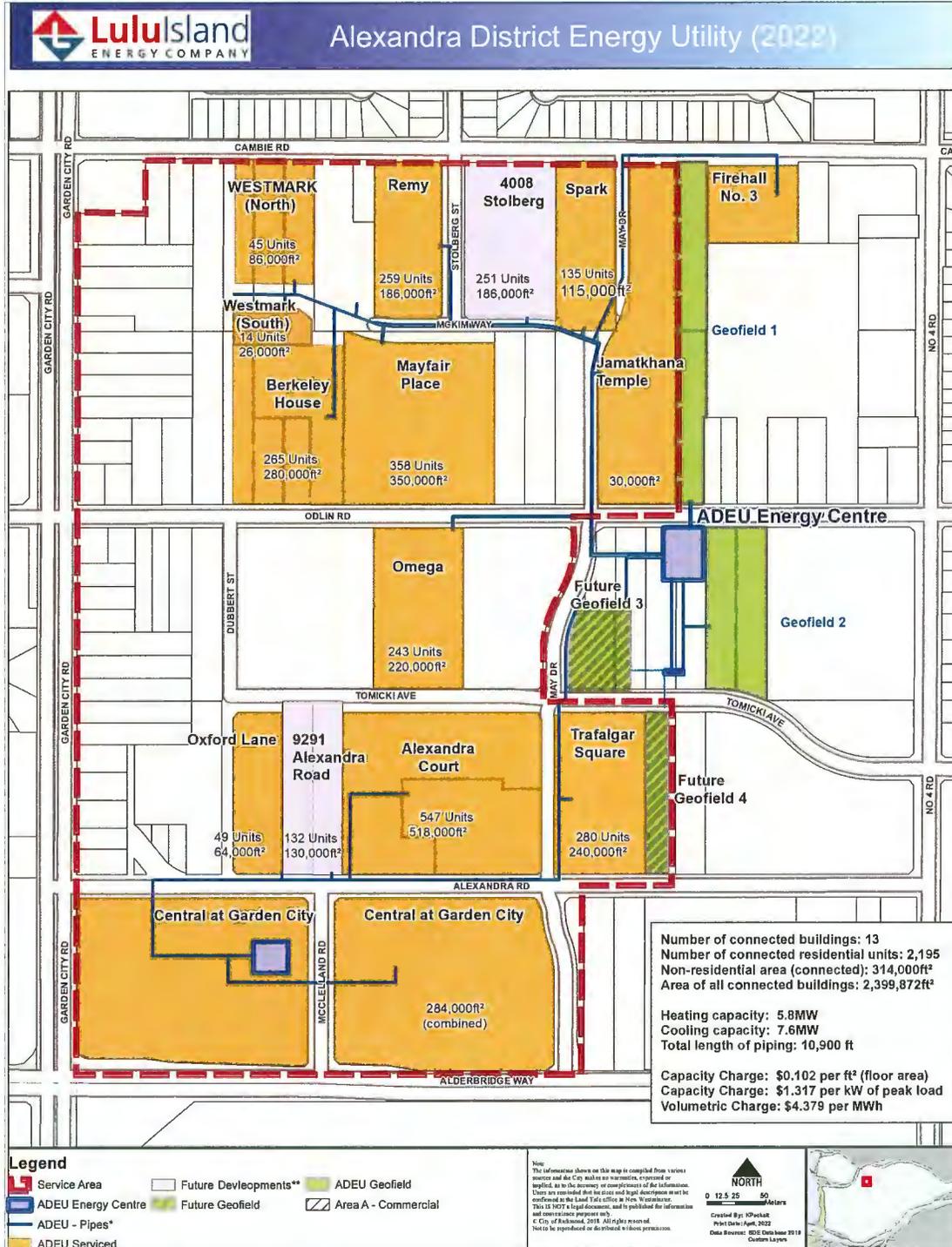
ADEU has been operating since 2012 as a sustainable energy system which provides a centralized energy source for heating, cooling and domestic hot water heating for residential and commercial customers located in the Alexandra/West Cambie neighbourhood. ADEU assists in meeting the community-wide greenhouse gas emission reduction targets adopted as part of Richmond's Sustainability Framework by providing buildings with renewable low carbon energy through geo-exchange technology.

### Infrastructure Overview

<b>Energy Station</b>	9600 Odlin Road, Richmond, BC V6X 1C9 Satellite Energy Plant (Area A) — 4751 McClelland Road, Upper Parkade, Richmond, BC V6X 0M5
<b>Service</b>	Residential: Space heating, cooling and domestic hot water Commercial: Space heating and cooling
<b>Technology</b>	ADEU Phases 1 and 2 were commissioned in July 2012. The ADEU will potentially service up to 3,100 residential units and 1.1 million ft <sup>2</sup> of commercial uses at build out in approximately 10 to 15 years. Heating, cooling and domestic hot water are provided to connected residential buildings, and only heating and cooling for large commercial and institutional spaces are provided through a hydronic (water) energy delivery system. In heating mode, ground source heat pump technology extracts heat (geothermal energy) from the ground via a network of vertical pipe loops. Built-in back up natural gas-fired boilers provide 100% back up in the event that the ground source heat pumps shut down or require maintenance. This system cools buildings as well. During the summer months, the energy flow is reversed and heat is extracted from buildings and pumped into the ground. In this way, energy that was extracted from the ground for heating buildings is "recharged" allowing heat to be available for the next cold season. Phase 3, completed in 2015, added heating and cooling capacity through the addition of a second geo-exchange field, two cooling towers and three boilers. Furthermore, Phase 4 completed in 2016, brought the addition of a new satellite energy plant at the Central at Garden City (Smart Centres) commercial development. Located on the rooftop parkade, this plant utilizes efficient air-source heat pump technology to provide space heating and cooling for the large commercial customers within the development. This new energy plant is also interconnected with the current ADEU energy plant allowing for energy sharing with the main ADEU distribution system. Individual buildings connected to the ADEU require smaller sized boilers for increasing the temperature of domestic hot water and reducing the overall cost of maintenance to buildings. The performance of the system is monitored continuously, providing the highest level of reliability to customers.

<b>Length of Distribution Network</b>	3,660 m (12,000 ft.) of high-density polyethylene piping 726 vertical closed-loop boreholes, each 250 ft. deep
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## Alexandra District Energy Utility Service Area Map



## Did you know?

Air source heat pumps, used in district energy infrastructure, can extract “usable heat” from sub-zero outdoor temperatures.

## Customers and Energy Rates

Customer energy rates are set in the City of Richmond Service Area Bylaws, which are approved by City Council. This approach ensures that transparency and accountability is maintained for all district energy projects in the City. The rate and bylaw provisions are reviewed and approved by Council on an annual basis.

Energy rates are set based on City Council’s objective to provide customers with energy costs that are equal to or less than conventional system energy costs, based on the same level of service. In the absence of district energy services, a typical building would have in-building equipment that would use a combination of natural gas and/or electricity and result in operational and maintenance expenses. This is the basis for comparing district energy rate costs with conventional utility, energy and maintenance costs. District energy customer rates in Richmond have met this requirement. As with other energy utilities, this rate includes utility costs related to infrastructure development, operation and maintenance, commodities (e.g. electricity and natural gas) and other administrative costs.

### 2021 Rate Structure

Each building includes one master meter. Strata corporations are billed on a quarterly basis, at a rate that is comprised of two charges:

- Capacity charge: Charge based on the gross square floor area of the building ( \$0.0992 per ft<sup>2</sup>)
- Volumetric Charge: Charge based on the energy consumed by the building (\$15.808 per MWh)

### Buildings

Building Name	Use	Area (ft <sup>2</sup> )
Remy – 4099 Stolberg Street	Residential	186,000
Mayfair Place – 9399 Odlin Road	Residential	351,000
Omega – 9333 Tomicki Avenue	Residential	222,000
Alexandra Court – 9399 Alexandra Road	Residential	518,000
Jamatkhana Temple – 4000 May Drive	Institutional	30,000
Oxford Lane – 4588 Dubbert Street	Residential	64,000
Trafalgar – 9500 Tomicki Avenue	Residential	262,000
Camden Walk (North) – 9211 McKim Way	Residential	62,800
Spark – 4033 May Drive	Residential	115,600
Berkeley House – 9233 Odlin Road	Residential	282,500

Building Name	Use	Area (ft <sup>2</sup> )
Central at Garden City – Walmart – 9251 Alderbridge Way	Commercial	160,000
Central at Garden City, Building A/B – 4751 McClelland Road	Commercial	124,000
City of Richmond Fire Hall #3 – 9660 Cambie Road	Institutional	24,995

### Customer Service

LIEC provides support 24 hours a day, 7 days a week for ADEU customers. Customers can contact customer service via a telephone hotline by calling 1-844-852-5651.

### Energy and Greenhouse Gas Emissions (GHGs)

The driving forces behind the establishment of district energy systems in Richmond were to reduce GHG emissions that cause climate change, develop low carbon renewable energy systems and support local green jobs.

The amount of energy delivered by the end of 2021 was 48,427MWh. Greenhouse gas performance by the end of 2021 was 7,861 tonnes of CO<sub>2</sub>e avoided, equal to removing over 2,300 cars from City of Richmond roads for one year.

### 2021 Financial Summary

The total net book value of ADEU's capital asset as at December 31, 2020 is \$22 million. Revenue from ADEU customers has been gradually increasing in pace with the occupancy of serviced buildings and new connected buildings. Revenue from operations for 2021 is \$2,744,222 (2020-\$2,419,564). Revenue increased by \$324,658, mainly due to additional energy delivered as a result of a new building connections.

Corix Utilities remains engaged as the system operator under contract, to perform functional verification ensuring continuous operation and fine tuning of the system. Total cost of sales (utilities, contract services, depreciation expenses) are \$1,392,628 (2020-\$1,208,184). The increase of \$184,444 is mainly due to additional energy sales as a result of new connected buildings.

In the context of a growing customer base, ADEU financial, operational and environmental results show the DEU is progressing as planned.



District energy infrastructure within the ADEU plant.

## ■ OVAL VILLAGE DISTRICT ENERGY UTILITY

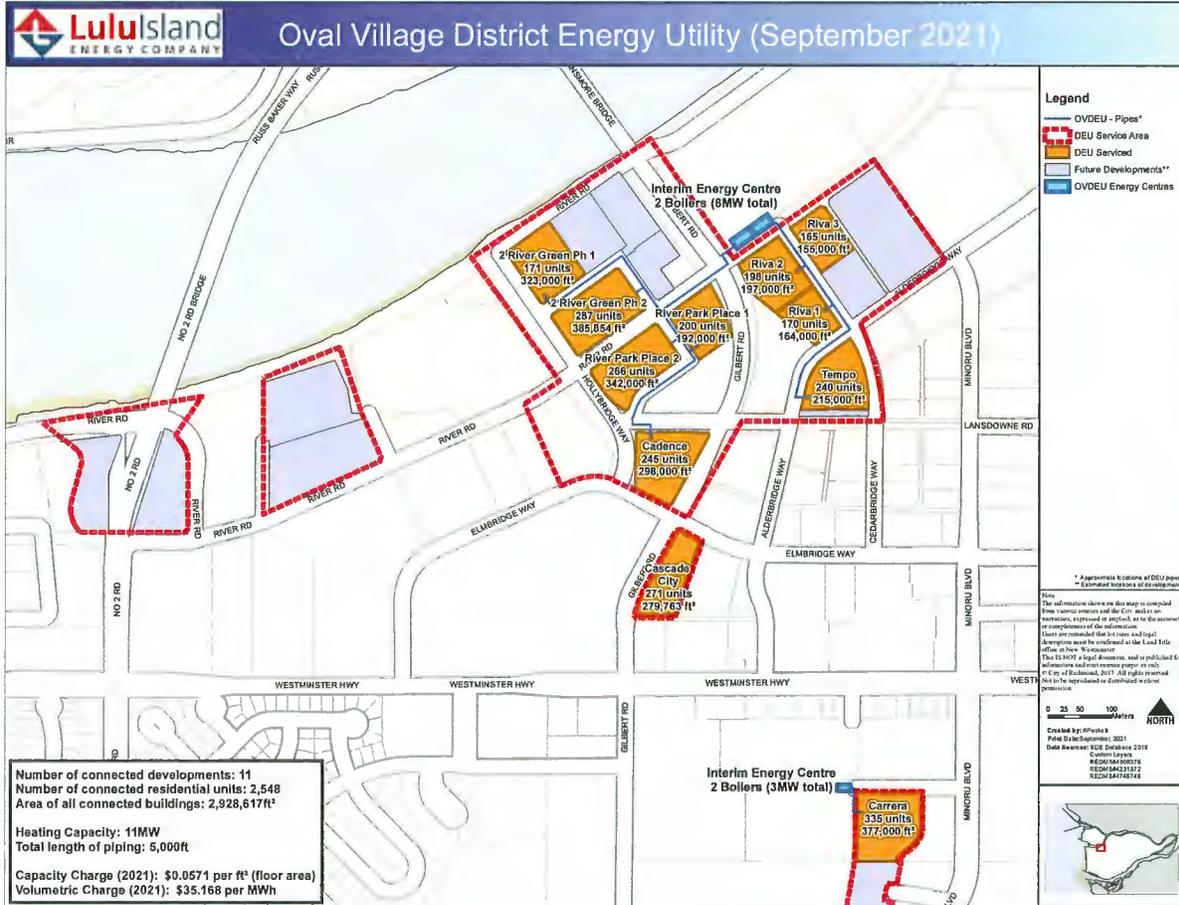
After the City’s successful implementation of the ADEU, the OVDEU was the first district energy project in development under LIEC’s direct oversight following Richmond City Council’s adoption of the OVDEU Service Area Bylaw in April 2014. In October 2014, LIEC entered into a Concession Agreement with Corix Utilities Inc. to design, construct, finance, operate and maintain the system. Today, over 2,541 residential units are receiving energy from the OVDEU. Space heating and domestic hot water heating energy is currently supplied from three interim energy centres (IECs). A permanent sewer heat recovery energy centre, planned for 2025, is under development to replace the IECs and produce low carbon energy harnessed from the Gilbert Trunk sanitary force main sewer. Similar to the ADEU, the OVDEU will assist in meeting the community-wide greenhouse gas emission reduction targets adopted as part of Richmond’s Sustainability Framework by providing buildings with renewable low carbon energy.

A system overview and service map for the Oval Village District Energy Utility is shown below.

### Infrastructure Overview

<b>Energy Station</b>	Interim Energy Centre #1– 6111 Bowling Green Road, Richmond, BC Interim Energy Centre #2– 7011 River Parkway, Richmond, BC Interim Energy Centre #3– 7015 River Parkway, Richmond, BC
<b>Service</b>	Residential: Space heating and domestic hot water heating
<b>Technology</b>	The OVDEU started operations in 2015, and currently services 11 buildings with 2,541 residential units and over 2.9 million ft <sup>2</sup> . At full build-out the OVDEU will potentially service up to 5500 residential units and 6.4 million ft <sup>2</sup> of floor space. Energy for space heating and domestic hot water is provided to connected buildings through a hydronic (water) energy delivery system. Energy generated at two interim energy centres provides 15MW of heating capacity to service these buildings. These interim energy centres currently use high efficiency natural gas boilers to produce energy. The performance of the system is monitored continuously, providing a high level of reliability to customers. The interim energy centres will be replaced by a permanent, sewer heat recovery energy centre that will extract heat from the Gilbert Trunk sanitary force main sewer; currently under development with expected completion by 2025.
<b>Length of Distribution Network</b>	1,800m (5,900 ft.) insulated steel piping

## Oval Village District Energy Utility Service Area Map



## Customers and Energy Rates

Customer energy rates are defined in the City of Richmond's Service Area Bylaws, which are enacted by City Council. This approach ensures transparency and accountability is maintained for all DE projects in the City. The rate and bylaw provisions are reviewed and approved by Council on an annual basis.

Energy rates are established based on City Council's objective to provide customers with energy costs that are equal to or less than conventional system energy costs, based on the same level of service. In the absence of district energy services, a typical building would have in-building equipment that would use a combination of natural gas and/or electricity and result in operational and maintenance expenses. This is referred to as a "business as usual" (BAU) scenario and is the basis for comparing district energy rate costs with conventional utility, energy and maintenance costs. District energy customer rates in Richmond have met this requirement. As with other energy utilities, this rate includes utility costs related to infrastructure development, operation and maintenance, commodities (e.g. electricity and natural gas) and other administrative costs such as staffing.

### 2021 Rate Structure

Each building includes one master meter. Strata corporations are billed on a quarterly basis, at a rate that is comprised of three charges:

- Capacity charge: Charge based on the gross square floor area of the building (\$0.0571 per ft<sup>2</sup>)
- Volumetric Charge: Charge based on the energy consumed by the building (\$35.168 per MWh)
- Excess demand fee of \$0.166 of each watts per square foot of the aggregate of the estimated peak heating energy demand that exceeds 6 watts per square foot (applied one time, at building connection).

### Buildings

Building Name	Use	Area (ft <sup>2</sup> )
Carrera – 7368 Gollner Avenue	Residential	377,404
Riva Building 1 – 5399 Cedarbridge Way	Residential	155,942
Riva Building 2 – 5311 Cedarbridge Way	Residential	196,967
River Park Place 1 – 6888 River Road	Residential/ Commercial	191,662
Cadence – 7468 Lansdowne Road	Residential/ Commercial	276,826
Tempo – 7688 Alderbridge Way	Residential	214,266
Riva Building 3 – 7008 River Parkway	Residential	155,829

ASPAC Lot 9 – 6611 Pearson Way	Residential	323,111
River Park Place 2 – 6899 Pearson Way	Residential/ Commercial	342,000
ASPAC Lot 12 – 6622 Pearson Way	Residential	385,854
Cascade City – 5766 & 5788 Gilbert Road	Residential/ Commercial	279,763

### Customer Service

LIEC provides support 24 hours a day, 7 days a week to OVDEU customers. Customers can contact customer service via a telephone hotline by calling 1-844-852-5651.

### Energy and Greenhouse Gas Emissions (GHGs)

The amount of energy delivered by the end of 2021 was 83,981 MWh. The system has reduced greenhouse gas emissions by an estimated 2,123 tonnes of greenhouse gases (CO<sup>2</sup>e), equal to removing 459 cars from City of Richmond roads for one year. At full build-out, the OVDEU system is anticipated to annually reduce GHG emissions by almost 9,000 tonnes of CO<sub>2</sub> as compared to business as usual.

### 2021 Financial Summary

In October 2014, LIEC and Corix Utilities executed a Concession Agreement whereby LIEC would own the OVDEU infrastructure, and Corix would design, build, finance, operate and maintain OVDEU. Payments to Corix, under the Concession Agreement, are based on Corix's Annual Revenue Requirement, which is based on the utility cost of service rate-setting principles in British Columbia utilizing forward test years.

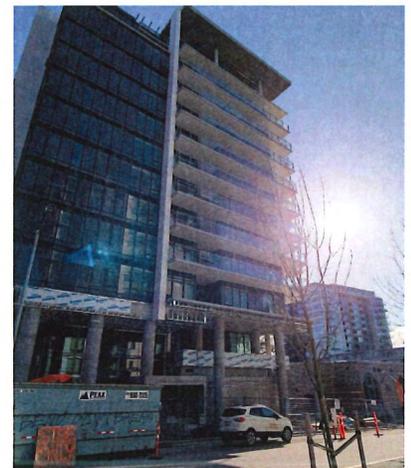
The total net book value of OVDEU capital assets as at December 31, 2021 is \$15.4 million. Revenue from OVDEU customers has been increasing in pace with the occupancy of serviced buildings and new connected buildings. Revenue from operations for 2021 is \$2,705,979 (2020–\$2,190,063). Revenue increased by \$515,916 compared to 2020. The increase was mainly due to additional energy delivered as a result of a new building connection.

The total estimated concession liability to finance the construction of the Oval Village District Energy Utility at full build-out is \$38,843,000, based on the 2021 capital plan. The concession liability will be accrued over time. The total concession liability balance outstanding as at December 31, 2021 is \$12,264,387.

In the context of a growing customer base, OVDEU financial, operational and environmental results show the DEU is progressing as planned.

### Did you know?

The reduction of GHG emissions at the end of 2020 translated into 6,700 tonnes of CO<sub>2</sub>e avoided, equal to removing 2,000 cars from Richmond roads for one year!

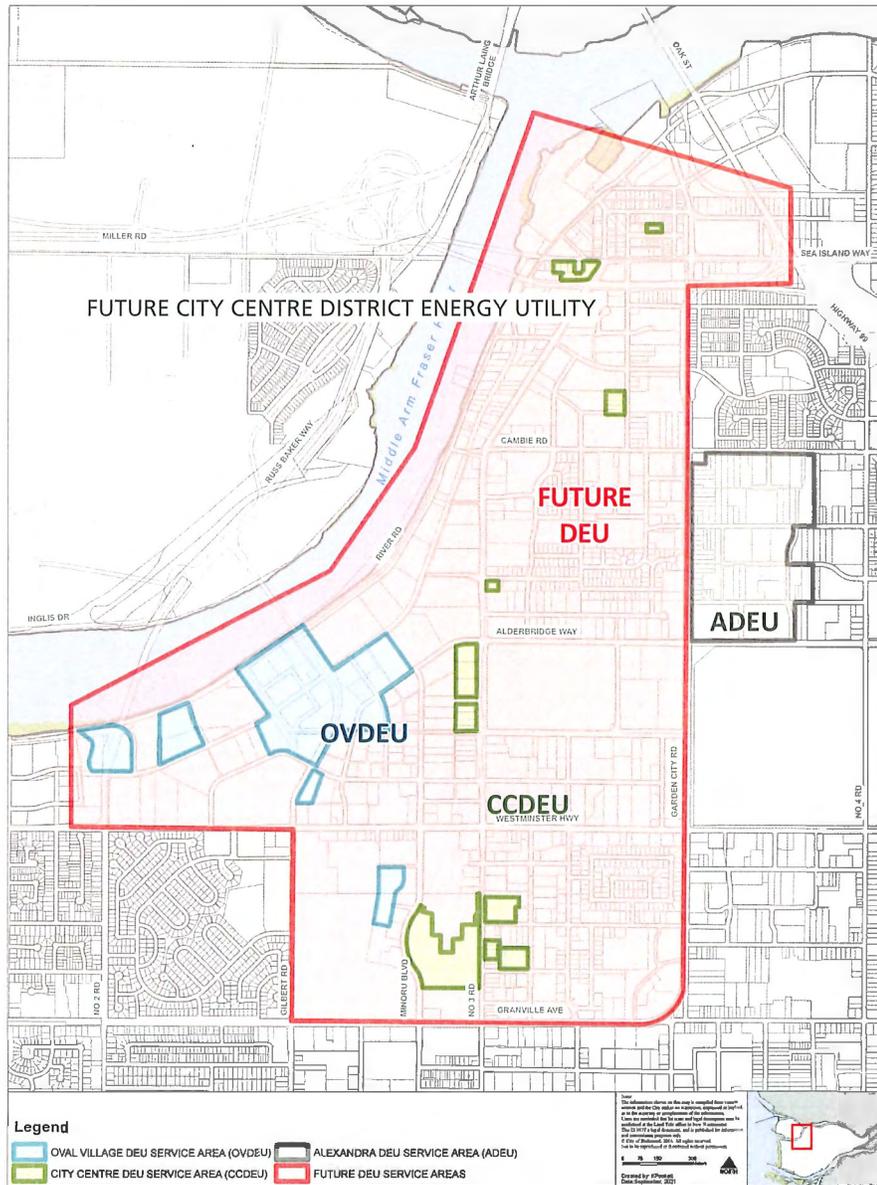


A development in the Oval Village nearly ready to connect to the DEU.

## CITY CENTRE DISTRICT ENERGY UTILITY

While the City Centre DEU (CCDEU) due diligence process is being finalized, Richmond established the City Centre DEU service area to expand LIEC's customer base and enable immediate GHG emissions reductions. These new developments are building onsite low-carbon energy plants. To-date, 11 developments have been incorporated into the service area, amounting to approximately 5 million ft<sup>2</sup>. It is anticipated that operation of the first low carbon energy plants under this servicing strategy will begin in 2022.

### City Centre District Energy Utility Service Area Map



## APPENDIX A: AWARDS & RECOGNITION

EuroHeat and Power	<b>2021 Emerging Market Award</b>	2021	The Emerging Market Award, which has recognized the ADEU, provides global recognition to organizations that excel in demonstrating the overall importance of district energy systems in providing sustainable energy solutions in countries without a fully established district energy market.
Community Energy Association	<b>2021 Climate &amp; Energy Action Award</b>	2021	The Climate and Energy Action Award, in the Community Planning and Development category, acknowledges Richmond's successful District Energy Implementation Program. The City's leadership and implementation of the program shows best practices in technology, impact and economics.
International District Energy Association	<b>IDEA Innovation Award</b>	2020	IDEA presents this award to the company whose project displays technological, engineering and operational innovations within the district utility energy industry.
Energy Globe Foundation	<b>Canadian Energy Globe National Award</b>	2020	The National Energy Globe Award recognizes projects that conserve energy and use renewable or emission-free sources. The national award is presented annually to projects saving the environment through personal action, sustainable projects or campaigns for raising awareness in sustainability.
Association of Energy Engineers	<b>Canada Region Energy Project of the Year Award</b>	2019	The Association of Energy Engineers awards this to a project that takes a first-of-a-kind approach wherever it has been implemented.



The 2021 Emerging Market Award recognizing excellence at the ADEU.

Canadian Association of Municipal Administrators	<b>CAMA Awards of Excellence – Environment Award</b>	2019	This award recognizes the commitment of a municipality to environmentally sustainable governance, to protecting the environment and to combating climate change. Awards are granted to programs, projects or services that have made a significant and positive impact on the environment.
International District Energy Association	<b>Public Sector District Energy Leadership Award</b>	2018	This award recognized the commitment and vision shown by the City of Richmond's Council for its ongoing support for district energy in Richmond.
Association of Energy Engineers	<b>Canada Region Innovative Energy Project of the Year Award</b>	2018	This award recognized the ADEU Phase 4 expansion project for its innovative approach to service the Central at Garden City development using renewables and making a significant impact on climate change.
Association of Consulting Engineering Companies	<b>Canadian Consulting Engineering Award of Excellence</b>	2017	This award is the most prestigious mark of recognition in Canadian engineering and was given to the Alexandra District Energy Utility expansion project to connect the Central at Garden City development for its high quality of engineering, imagination and innovation.
Association of Energy Engineers	<b>Canada Region Institutional Energy Management Award</b>	2017	The Canada Region Institutional Energy Management Award recognizes organizations and companies for their dedication and performance in the energy efficiency and renewable energy industry. This prestigious award recognizes the City for leading the way with its District Energy implementation program.

Canadian Wood Council	<b>UBCM Community Recognition Award</b>	2017	This award recognized the leadership in the use of wood, both architecturally and structurally, in the City's Alexandra District Energy Utility building constructed during the Phase 3 expansion. The building construction used local, innovative low carbon wood for structural elements as well as interior and exterior cladding.
International District Energy Association	<b>System of the Year</b>	2016	IDEA System of the Year is the highest honour IDEA can confer on a district energy system. It recognized the Alexandra District Energy Utility as an exemplary district energy system that provides high-level performance and service that furthers the goals of the district energy industry.
Union of British Columbia Municipalities	<b>Community Excellence Award</b>	2016	The Community Excellence Award recognized the City's district energy program for its exemplary leadership through policies, decision-making and actions that have made a difference for its residents.
Canadian Geo-Exchange Coalition	<b>Excellence Award</b>	2014	The Canadian Geo-exchange Coalition Excellence Award recognized the Alexandra District Energy Utility geothermal/geo-exchange system for its quality of installation and design.
Association of Professional Engineers and Geoscientists of British Columbia (APEGBC)	<b>Sustainability Award</b>	2014	APEGBC's Sustainability Award was created to recognize the important contribution that engineering and geoscience makes to the well-being of human life and ecosystems on which we all depend, and was awarded in recognition of the Alexandra District Energy system.

Canadian Consulting Engineer Magazine & the Association of Consulting Engineering Companies – Canada	<b>Award of Excellence</b> (Natural Resources, Mining, Industry and Energy Category)	2013	This award is the most prestigious mark of recognition in Canadian engineering and was given to the Alexandra District Energy Utility project for its high quality of engineering, imagination and innovation.
Public Works Association of British Columbia	<b>Project of the Year</b>	2013	This award is given to a municipality that constructs a major and complex public works or utilities project that meets specific criteria including innovative design with project benefits for the community and environment. It was awarded to the City in recognition of the Alexandra District Energy system
International District Energy Association	<b>Certificate of Recognition– Innovation Awards</b>	2013	This program highlighted the Alexandra District Energy System as an example of engineering, technology and operational innovation within the district energy industry.
ENERGY GLOBE Foundation	<b>Canadian Energy Globe National Award</b>	2013	The national ENERGY GLOBE Award distinguished the Alexandra District Energy Utility as the best national project for its focus on energy efficiency, renewable energy and the conservation of resources.

## ■ APPENDIX B: MANAGEMENT'S DISCUSSION AND ANALYSIS

### About the Company

LIEC, a corporation wholly-owned by the City of Richmond, was established to provide district energy services on behalf of the City to reduce community GHG emissions in Richmond. Under direction from Council, and following receipt of the necessary approval from the Inspector of Municipalities, the incorporation of LIEC was completed in August 2013.

In June 2014, the City and LIEC executed a District Energy Utilities Agreement, assigning LIEC the function of establishing and operating district energy systems as well as providing thermal energy services on behalf of the City. LIEC currently owns and operates the Alexandra District Energy Utility (ADEU), Oval Village District Energy Utility (OVDEU), and continues to advance new district energy opportunities such as the City Centre District Energy Utility (CCDEU). All capital and operating costs are recovered through revenue from meter billings, ensuring that the business is financially self-sustaining.

ADEU provides heating and cooling services to residential and commercial buildings in the ADEU service area, comprising over 2,200 residential units and over 2.4 million ft<sup>2</sup> of serviced floor area. While some electricity is consumed for pumping and equipment operations, nearly 100% of this energy is renewable. This energy is produced locally from geo-exchange fields in the greenway corridor and West Cambie Park, as well as highly efficient air-source heat pumps.

The OVDEU system is managed through a 30-year concession agreement where Corix Utilities Inc. (Corix) designs, builds, finances, and maintains infrastructure with LIEC maintaining the ownership of the utility. There are 11 residential buildings connected to the OVDEU system with 2,541 residential units and over 2.9 million ft<sup>2</sup> of floor area receiving energy from the utility. Energy is currently supplied from the two interim energy centres with natural gas boilers, which combined, provide 15 MW of heating capacity. LIEC is currently designing an energy centre that utilizes sewer heat recovery technology and will become the permanent energy centre for OVDEU. Once completed (estimated 2025), the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary sewer force main.

While the City Centre District Energy Utility (CCDEU) due diligence process has been finalized, LIEC and City staff collaborated to develop the CCDEU service area to expand LIEC's customer base and enable immediate GHG emissions reductions in the City Centre area. To-date, 11 developments have been incorporated into the CCDEU bylaw service area, amounting to approximately 5 million ft<sup>2</sup>. It is anticipated that servicing of the first development under this servicing strategy will begin in 2022.

## Financial Summary

As a Government Business Enterprise (GBE), LIEC is a financially self-sustaining entity and its financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

LIEC's overall financial position improved by \$3,323,686 in 2021 with total assets of \$56,336,881 (2020-\$53,013,195). Total assets are comprised of current assets (cash, investments, and receivables) totaling \$17,431,735 (2020-\$15,653,350) and non-current assets (plant and equipment) of \$38,905,146 (2020-\$37,359,845). The current assets increased by \$1,778,385 mainly due to income generated from operations and advanced payments from developers for future building connections.

LIEC's liabilities consist of accounts payables, deferred contributions and concession liabilities. The deferred developers' contributions are recovering the cost of the service connection, including installation of the energy transfer station infrastructure. The concession liabilities are linked to the 30 year concession agreement, which represents the anticipated cash outflow for future obligations under the agreement for the capital and operating costs of the assets.

The shareholder's equity represents the net worth of the company. As at December 31, 2021, LIEC's shareholder equity is \$33,647,540 (2020-\$32,736,500), which indicates that the company's value has increased by \$911,040.

The revenue consists of district energy services and metered billings which reflect the full year energy sales based on the actual customers' energy usage and consumption. The revenue increased by \$840,573 to \$6,431,201 (2020-\$5,590,628), mainly due to new building connections. The 2021 revenue is in line with the Company's projections.

The cost of sales includes contract services, utilities (electricity and natural gas) and amortization expenses. The total cost of sales increased by \$527,166 to \$3,123,879 (2020-\$2,596,713) due to more energy sales to customers. In comparison with the 2021 operating budget, the contract expense is below the budget by 18% mainly due to less unscheduled repairs and maintenance. The utility expenses are below budget by 19%, mainly due to timing of new building connections and moderate weather conditions.

The general and administration expenses are expenditures that LIEC incurs to engage in business development activities and includes salaries and benefits, administration expenses, insurance and professional fees. The administration expense includes a fee of \$129,412 (2020-\$67,863), paid by LIEC to the City of Richmond for the support provided by the City. The increase of salaries and benefits to \$841,736 (2020-\$697,113) is mainly due to ensuring that LIEC follows the principles to maintain its GBE status by ensuring that management time is recorded in the appropriate corporation. The insurance premiums are higher due to a general insurance rate increase and the additional capital assets being insured. Overall, general and administration expenses as a percentage of revenues are below budget.

Overall, LIEC's 2021 net income was \$911,040 (2020—\$1,322,336). The net income as percentage of revenue is 14% (2020—24%). Compared to 2020, net income decreased by \$411,296 due to the unplanned and non-recurring expenses related to the pipe construction defect that resulted in a leak and related clean up of the released heat transfer fluid in the Alexandra DEU service area. However, net income exceeded the Company's forecast by 130%. Due to the prompt response and excellent spill management procedures, the leak was repaired immediately and the spill was remediated expeditiously; however, area monitoring needs to continue pursuant to provincial regulatory requirements. LIEC staff are assessing options for cost recovery from the external parties at fault.

LIEC's financial sustainability and future growth must be taken into consideration when reviewing its financial results. LIEC's success is dependent upon developing in-house expertise and securing funds for future capital replacements as existing infrastructure components reach their end of life, as well as to cover expenses of unexpected and rare events such as the recent Alexandra District Energy Utility pipe leak. Other important events include the planning of future projects, which consists of research and development, and exploratory reviews of future technology and opportunities. LIEC has retained earnings that will be utilized to build a reserve fund for future capital replacement and to ensure long-term rate stability for ratepayers.







### ***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 IFRS, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 12, 2022

**LULU ISLAND ENERGY COMPANY LTD.**

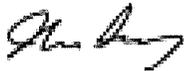
## Statement of Financial Position

December 31, 2021, with comparative information for 2020

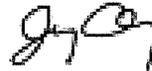
	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,707,794	\$ 8,604,504
Accounts receivable (note 6)	1,676,423	3,034,510
Investments (note 7)	4,047,518	4,014,336
	<u>17,431,735</u>	<u>15,653,350</u>
Non-current assets:		
Plant and equipment (note 9)	38,905,146	37,359,845
	<u>\$ 56,336,881</u>	<u>\$ 53,013,195</u>
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,671,416	\$ 1,790,919
Current portion of deferred contributions (note 10)	337,732	522,932
Current portion of concession liability (note 11)	3,312,613	2,635,727
	<u>6,321,761</u>	<u>4,949,578</u>
Non-current liabilities:		
Deferred developer contributions (note 10)	7,415,806	6,829,428
Concession liability (note 11)	8,951,774	8,497,689
	<u>16,367,580</u>	<u>15,327,117</u>
Shareholder's equity:		
Share capital and contributed surplus (note 15)	27,397,115	27,397,115
Retained earnings	6,250,425	5,339,385
	<u>33,647,540</u>	<u>32,736,500</u>
Commitments and contingencies (note 13)		
	<u>\$ 56,336,881</u>	<u>\$ 53,013,195</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Net Income and Other Comprehensive Income

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

	2021	2020
Revenue (note 14)	\$ 6,431,201	\$ 5,590,628
Cost of sales:		
Operating expenses	1,788,480	1,447,955
Depreciation	1,335,399	1,148,758
	<u>3,123,879</u>	<u>2,596,713</u>
Gross profit	3,307,322	2,993,915
General and administrative expenses	1,043,129	895,148
Income before undernoted items	2,264,193	2,098,767
Developer contributions, other income (expenses) and net finance cost:		
Developer contributions (note 10)	237,347	178,502
Other income (note 14)	49,521	24,628
Other expenses (note 8)	(1,084,975)	(723,000)
Net finance cost (note 5)	(555,046)	(256,561)
	<u>(1,353,153)</u>	<u>(776,431)</u>
Net income and other comprehensive income	<u>\$ 911,040</u>	<u>\$ 1,322,336</u>

See accompanying notes to financial statements.

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Changes in Equity

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

	Share capital (note 15)	Contributed surplus (note 15)	Retained earnings	Shareholder's equity
Balance, January 1, 2020	\$ 5	\$ 27,397,110	\$ 4,017,049	\$ 31,414,164
Net income and other comprehensive income	-	-	1,322,336	1,322,336
Balance, December 31, 2020	5	27,397,110	5,339,385	32,736,500
Net income and other comprehensive income	-	-	911,040	911,040
Balance, December 31, 2021	\$ 5	\$ 27,397,110	\$ 6,250,425	\$ 33,647,540

See accompanying notes to financial statements.

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Cash flows provided by (used in) operating activities:		
Net income and other comprehensive income	\$ 911,040	\$ 1,322,336
Adjustments for:		
Depreciation	1,335,399	1,148,758
Recognition of deferred contributions	(237,347)	(178,502)
Other income	(12,978)	-
Finance expense on concession liability	672,135	426,147
Changes in non-cash operating working capital:		
Accounts receivable	1,358,087	(1,731,813)
Accounts payable and accrued liabilities	880,497	1,013,427
Net cash provided by operating activities	4,906,833	2,000,353
Cash flows provided by (used in) investing activities:		
Additions to plant and equipment	(1,460,215)	(1,858,630)
Deferred developer contributions	638,525	1,347,638
Cash receipts from sales of investments	4,014,336	5,592,923
Cash payments to acquire investments	(4,047,518)	(4,014,336)
Net cash provided by (used in) investing activities	(854,872)	1,067,595
Cash flows provided by (used in) financing activities:		
Concession liability (note 11)	(948,671)	(696,546)
Net cash used in financing activities	(948,671)	(696,546)
Increase in cash and cash equivalents	3,103,290	2,371,402
Cash and cash equivalents, beginning of year	8,604,504	6,233,102
Cash and cash equivalents, end of year	\$ 11,707,794	\$ 8,604,504
Non-cash transactions:		
Additions to plant and equipment	\$ (1,370,459)	\$ (3,115,250)
Concession liability	1,370,459	3,115,250

See accompanying notes to financial statements.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2021

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### 1. Incorporation and nature of business:

The Lulu Island Energy Company Ltd. (the "Company") was incorporated on August 19, 2013 under the Business Corporations Act of British Columbia as a municipal corporation wholly-owned by the City of Richmond (the "City"). The address of the Company's registered office is 6911 No. 3 Road, Richmond, British Columbia, V6Y 2C1.

The business of the Company is to develop, manage and operate district energy utilities in the City, including, but not limited to, energy production, generation or exchange, transmission, distribution, maintenance, marketing and sale to customers, customer service, profit generation and financial management. The Company also provides advisory services for energy and infrastructure.

### 2. Basis of presentation:

#### (a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved and authorized for issue by the Board of Directors April 12, 2022.

#### (b) Basis of measurement:

These financial statements have been prepared on the historical cost basis and on a going concern basis.

#### (c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### (d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**2. Basis of presentation (continued):**

## (d) Use of estimates and judgments (continued):

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 10 - recognition of deferred developer contributions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 8 - accrued liabilities for distribution pipe leak; and

Note 9 - useful lives of plant and equipment.

**3. Significant accounting policies:**

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

## (a) Plant and equipment:

## (i) Recognition and measurement:

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset, after deducting trade discounts and rebates. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognized net within other income in profit and loss.

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**3. Significant accounting policies (continued):****(a) Plant and equipment (continued):****(ii) Subsequent costs:**

The cost of replacing a part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

**(iii) Depreciation:**

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation of plant and equipment commences when the asset is deemed available for use and is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment as follows:

Asset	Useful life - years
Energy plant center	75
Distribution piping	50
General equipment	25

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

**(b) Revenue recognition:**

The Company recognizes revenue for the provision of energy and supply of other services. Revenue for the provision of energy is based on meter readings and is billed on a cyclical basis. Revenue is accrued for energy delivered but not yet billed. Revenue for other services is recognized upon completion of service. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable.

**(c) Concession projects:**

Concession projects are delivered by partners selected to design, build, finance, and maintain the assets which are owned by the Company. The cost of the assets under construction are recorded at cost, based on construction progress billings and also includes other costs, if any, incurred directly by the Company.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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

(c) Concession projects (continued):

When deemed available for use, the project assets are amortized over their estimated useful lives. An obligation for the cost of capital and financing received to date, net of repayments, is recorded under concession liabilities (note 11).

(d) Income taxes:

Under Section 149(1)(d) of the Income Tax Act, the Company is exempt from income and capital taxes by virtue of the fact that it is a wholly owned subsidiary of the City. Accordingly, no provision for such taxes has been made in financial statements.

(e) Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. At December 31, 2021 and 2020, all cash and cash equivalents related to cash balances.

(f) Finance income and finance cost:

Finance income comprises interest on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on the concession liability. Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(g) Financial instruments:

(i) Classification and measurement of financial assets and financial liabilities:

Under IFRS 9, *Financial Instruments* ("IFRS 9"), on initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI") - debt instrument, FVOCI - equity instrument, or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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

#### (g) Financial instruments (continued):

##### (i) Classification and measurement of financial assets and financial liabilities (continued):

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to subsequent measurement of financial assets:

- Financial assets at FVTPL: these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- Financial assets at amortized cost: these assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses (see note 3(h)(i)). Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- Debt investments at FVOCI: these assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognized in profit or loss. Other net gains are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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

#### (g) Financial instruments (continued):

##### (i) Classification and measurement of financial assets and financial liabilities (continued):

The following accounting policies apply to subsequent measurement of financial assets (continued):

- Equity investments at FVOCI: these assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities are initially recognized at amortized cost. Subsequent to initial recognition financial liabilities are measured at amortized cost using the effective interest method.

The following table shows the measurement categories for each class of the Company's financial assets and financial liabilities:

Financial assets:		
Cash and cash equivalents		Amortized cost
Accounts receivable		Amortized cost
Investments		Amortized cost
Financial liabilities:		
Accounts payable and accrued liabilities		Amortized cost
Concession liability		Amortized cost

##### (ii) Measurement categories:

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2021 and 2020. Unless otherwise noted, the fair values on the instruments approximate their carrying amount due to their short-term nature and/or due to application of market rates of interest.

	2021	2020
<b>Financial assets:</b>		
Financial assets at amortized cost:		
Cash and cash equivalents	\$ 11,707,794	\$ 8,604,504
Accounts receivable	1,676,423	3,034,510
Investments	4,047,518	4,014,336
	<b>\$ 17,431,735</b>	<b>\$ 15,653,350</b>
<b>Financial liabilities:</b>		
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$ 2,671,416	\$ 1,790,919
Concession liability	12,264,387	11,133,416
	<b>\$ 14,935,803</b>	<b>\$ 12,924,335</b>

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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

(h) Impairment:

(i) Financial assets:

The 'expected credit loss' ("ECL") impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortized cost consist of cash and cash equivalents, accounts receivable and investments.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12-months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs. The Company has elected to measure loss allowances for trade receivables, including amounts due from the City, at an amount equal to lifetime ECLs.

Measurement of ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**3. Significant accounting policies (continued):**

## (h) Impairment (continued):

## (ii) Non-financial assets (continued):

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## (i) Pension benefits:

The Company and its employees participate in the Municipal Pension Plan, a multi-employer defined benefit plan. Defined contribution plan accounting is applied to this plan because separate information for the Company is unable to be provided to apply defined benefit accounting. The expenses associated with this plan are equal to the actual contributions required by the Company during the reporting period.

## (j) Standards issued but not yet effective:

A number of new standards are effective for annual periods beginning after January 1, 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the financial statements;

- Amendments to IAS 1, *Classification of Liabilities as Current or Non-Current*, effective periods beginning on or after January 1, 2023.
- Amendments to IAS 16, *Property, Plant and Equipment*, effective periods beginning on or after January 1, 2022.
- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on onerous contracts effective periods beginning on or after January 1, 2022.

**4. Personnel expenses:**

	2021	2020
Wages and salaries	\$ 834,736	\$ 666,115
Other payroll expenses	7,000	31,000
	<b>\$ 841,736</b>	<b>\$ 697,115</b>

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**5. Net finance cost:**

	2021	2020
Finance income:		
Investment interest	\$ 51,182	\$ 105,529
Bank interest	63,729	62,676
Other	2,178	1,381
	<u>117,089</u>	<u>169,586</u>
Finance cost:		
Finance expense on concession liability (note 11)	(709,183)	(548,486)
Less: Finance cost capitalized to plant and equipment (note 9)	37,048	122,339
	<u>(672,135)</u>	<u>(426,147)</u>
<b>Net finance cost</b>	<b>\$ (555,046)</b>	<b>\$ (256,561)</b>

**6. Accounts receivable:**

	2021	2020
Trade receivables	\$ 184,909	\$ 1,703,753
Unbilled trade receivables	1,491,514	1,330,757
	<u>\$ 1,676,423</u>	<u>\$ 3,034,510</u>

**7. Investments:**

Investments represent cash term deposits as follows:

Purchase date	Maturity date	Interest rate	2021	2020
July 15, 2021	July 15, 2022	1.50%	\$ 2,033,628	\$ -
October 28, 2021	October 28, 2022	1.50%	2,013,890	-
June 29, 2020	June 29, 2021	0.90%	-	2,005,213
October 28, 2020	October 28, 2021	1.40%	-	2,009,123
			<u>\$ 4,047,518</u>	<u>\$ 4,014,336</u>

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**8. Accounts payable and accrued liabilities:**

In 2020, the Company identified a distribution pipe leakage of heat transfer fluid at one of the Company's service areas. During the year ended December 31, 2021, the Company continued to repair, remediate and monitor the service area and recognized expenses, including legal expenses, of \$1,084,975 (2020 - \$723,000) in other expenses, of which \$596,585 (2020 - \$723,000) is included in accounts payable and accrued liabilities. Management believes the Company has adequately provided for the remediation costs and intends to seek compensation for such costs from the third parties involved.

**9. Plant and equipment:**

	Energy plant center	General equipment	Distribution piping	Total
<b>Cost:</b>				
Balance as at January 1, 2020	\$ 5,031,915	\$ 22,419,284	\$ 9,387,971	\$ 36,839,170
Additions	-	2,266,536	2,829,683	5,096,219
Balance as at December 31, 2020	5,031,915	24,685,820	12,217,654	41,935,389
Additions	-	1,955,387	925,313	2,880,700
Balance as at December 31, 2021	\$ 5,031,915	\$ 26,641,207	\$ 13,142,967	\$ 44,816,089
<b>Accumulated depreciation:</b>				
Balance as at January 1, 2020	\$ 201,276	\$ 2,722,373	\$ 503,137	\$ 3,426,786
Depreciation	67,092	915,611	166,055	1,148,758
Balance as at December 31, 2020	268,368	3,637,984	669,192	4,575,544
Depreciation	67,092	1,045,148	223,159	1,335,399
Balance as at December 31, 2021	\$ 335,460	\$ 4,683,132	\$ 892,351	\$ 5,910,943
<b>Net book value:</b>				
At January 1, 2020	\$ 4,830,639	\$ 19,696,911	\$ 8,884,834	\$ 33,412,384
At December 31, 2020	4,763,547	21,047,836	11,548,462	37,359,845
At December 31, 2021	4,696,455	21,958,075	12,250,616	38,905,146

Included in plant and equipment is \$1,951,975 (2020 - \$3,591,015) of assets under construction being \$1,070,537 (2020 - \$449,647) general equipment and \$881,438 (2020 - \$3,141,368) distribution piping. For the year ended December 31, 2021, capitalized borrowing costs related to the construction of the general equipment and distribution system in the year amounted to \$37,048 (2020 - \$122,339).

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**10. Deferred developer contributions:**

The Company defers contribution amounts received from developers related to the cost of initial connection and assets, including installation of the energy transfer station. The developer contributions are recognized over the useful life of the associated general equipment from the date the respective asset is deemed available to use.

The following table summarizes the amounts recognized as at year end:

	2021	2020
Deferred developer contributions, beginning of year	\$ 7,352,360	\$ 6,183,224
Developer contributions received (net of refunds)	638,525	1,347,638
Recognized revenue from developer contributions	(237,347)	(178,502)
	7,753,538	7,352,360
Less: current portion of deferred developer contributions	337,732	522,932
Non-current deferred developer contributions	\$ 7,415,806	\$ 6,829,428

**11. Oval Village District Energy Utility ("OVDEU") Concession Agreement:**

On October 30, 2014, the Company and the OVDEU developer (the "Concessionaire") entered into a 30-year Concession Agreement, where the Concessionaire will design, construct, finance, operate and maintain the infrastructure for the district energy utility at the Oval Village community. The total estimated concession liability to finance the construction of the OVDEU at full build out is \$41,414,000 (2020 - \$39,126,000) and will be accrued over time as the services are rendered.

The Concession Agreement is payable monthly in accordance with the Concession Agreement terms. Required concession liability payment obligations are disclosed in note 13.

OVDEU Concession Agreement liability:

	2021	2020
Concession Agreement liability - capital	\$ 10,983,397	\$ 9,884,744
Concession Agreement liability - non-capital	1,280,990	1,248,672
	12,264,387	11,133,416
Less: current capital portion of concession liability	1,965,760	1,465,969
Less: current non-capital portion of concession liability	1,346,853	1,169,758
	3,312,613	2,635,727
Non-current portion of concession liability	\$ 8,951,774	\$ 8,497,689

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**11. Oval Village District Energy Utility ("OVDEU") Concession Agreement (continued):**

The average finance cost on the concession liability is 5.24% for the year ended December 31, 2021 (2020 - 5.21%).

The concession liability is repayable as follows:

2022	\$ 3,312,613
2023	1,809,353
2024	2,715,647
2025	2,824,273
2026 and thereafter	1,602,501
<b>Total</b>	<b>\$ 12,264,387</b>

The following tables summarizes the changes in the concession liability due to financing cash flows and liability related charges:

Balance January 1, 2021	\$ 11,133,416
Additions	1,370,459
Finance expense (note 5)	709,183
Net repayment	(948,671)
<b>Balance December 31, 2021</b>	<b>\$ 12,264,387</b>

**12. Limited Guarantee Agreement:**

On October 30, 2014, the Concessionaire and the City entered into a Limited Guarantee Agreement. The City is the Guarantor and guarantees the performance of some of the Company's obligations under the Concession Agreement to a maximum of \$18.2 million (2020 - \$18.2 million).

**13. Commitments and contingencies:****(a) Concession project commitments:**

Payments to the Concessionaire under the Concession Agreement are based on the Concessionaire's Annual Revenue Requirement, which is based on the utility cost of service rate-setting principles in British Columbia utilizing forward test years. The Annual Revenue Requirement is a combination of Capital and Operating charges. The Capital charge is comprised of capital expenditures and depreciation, and Operating charge is comprised of services costs, financing costs, income and other taxes and return on equity.

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**13. Commitments and contingencies (continued):**

## (a) Concession project commitments (continued):

The information presented below shows the expected committed cash outflow for the next year under the Concession Agreement for the capital and operating costs of the assets. As construction progresses the asset values are recorded as plant and equipment and the corresponding liabilities are recorded as concession agreement liabilities as disclosed in note 11.

	Capital commitment	Operating commitment	Total commitment
2022	\$ 1,965,760	\$ 1,346,853	\$ 3,312,613

## (b) Distribution pipe leakage:

An accrual has been recognized in accounts payable and accrued liabilities for the damages that resulted from a distribution pipe leakage at one of the Company's service areas (note 8). Management believes the Company has adequately provided for the remediation costs and intends to seek compensation for such costs from the third parties involved. It is not permissible at this time to accrue the estimated financial effect of any recovery of expenses from the other parties involved or the Company's insurer.

**14. Related party transactions:**

Included in these financial statements are transactions with various Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the City, the Province of British Columbia or the Government of Canada. The Company has applied the modified disclosure requirements under IAS 24, *Related Party Disclosures*, which is only applicable for government-related entities.

## (a) Due from City of Richmond:

During 2021, the Company received and recognized in revenues \$981,000 (2020 - \$981,000) for its services of advancing district energy opportunities in the City. Staff and advanced design activities on low carbon district energy initiatives are covered by this fee. With or without the Company, the City would need to fund these costs in order to successfully implement district energy initiatives for the City and position itself at the forefront of tackling local and global environmental challenges our world faces.

In addition, included in revenue for 2021 is \$34,926 (2020 - \$37,294) for district energy utility services rendered by the Company to the City.

During 2021, the Company received and recognized energy model review fees into other income of \$36,543 (2020 - \$24,628) relating to district energy permit fees collected by the City for in-building district energy related equipment reviews performed by the Company.

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**14. Related party transactions (continued):**

## (a) Due from City of Richmond (continued):

During 2021, \$156,854 (2020 - \$165,125) of salary and benefit expenses were charged to the City for costs incurred due to Company staff being assigned to perform project management duties for the City projects. These costs have been charged to the City on a cost recovery basis and are included as a reduction to general and administrative expenses.

The total amount due from the City as a result of the above transactions as at December 31, 2021 is \$151,454 (2020 - \$323,020) and is included within accounts receivable.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amount is non-interest bearing and repayable on demand.

## (b) Key management personnel:

A fee of \$129,412 (2020 - \$67,863), included in general and administrative expenses, was paid to the City for the day-to-day support that the Company received from City staff during the year. These costs have been charged to the Company on a cost recovery basis and include an element of re-charge for City key management personnel.

**15. Share capital:**

At December 31, 2021, the authorized share capital comprised 10,000 (2020 - 10,000) common shares without par value.

As at December 31, 2021, the Company has issued 450 common shares (2020 - 450) at \$0.01 per share totaling \$4.50 (2020 - \$4.50) and contributed surplus of \$27,397,110 (2020 - \$27,397,110).

**16. Fair values:**

The Company uses the following hierarchy to determine and disclose fair value of financial instruments:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 - inputs other than quoted prices that are observable for asset or liability, either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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### 16. Fair values (continued):

(a) Financial assets and liabilities not measured at fair value:

The carrying amounts for cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

(b) Non-current financial liabilities:

Subsequent to initial recognition the concession liability is accounted for at amortized cost using the effective interest method. The carrying amount of the concession liability approximates its fair value due to the nature of liabilities accrued and benchmark market rate of interest rate applied (Level 3 inputs).

### 17. Financial risk management and financial instruments:

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (interest rate risk).

(b) Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Company consisting of its cash and cash equivalents, trade accounts receivables and other investments. The Company assesses these financial assets on a continuous basis for any amounts that are not collectible or realizable. It is management's opinion that the Company is not exposed to significant credit risk from its financial instruments.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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### 17. Financial risk management and financial instruments (continued):

(c) Credit risk (continued):

(i) Trade and unbilled trade receivables:

The Company trades mainly with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade and other receivables based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

The sale of energy utilities is made to end-user customers in the City's geographic region. On the basis of the Company's collective experience, management considers the credit risk associated with trade receivables to be low.

(ii) Due from the City:

The credit risk on amounts due from the City is considered to be low as the City is a Crown entity incorporated under the Local Government Act of British Columbia.

(iii) Cash and investments:

Credit risk arising from other financial assets of the Company comprises cash and investments. The Company's exposure to credit risk arises from default of the counterparties. The Company manages credit risk through depositing cash and only investing in cash term deposits with established financial institutions which are considered to be low.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is 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 Company's reputation.

The Company's terms of business require amounts to be paid from customers within 30-days of the date of invoice. The accounts payable and accrued liabilities and due from the City are in the normal course of operations and paid within the following fiscal year. The commitments under the concession liability are disclosed in note 13.

The information presented below shows the undiscounted contractual maturities of the concession liability, including estimated interest payments.

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements (continued)

Year ended December 31, 2021

**17. Financial risk management and financial instruments (continued):**

## (d) Liquidity risk (continued):

	Carrying amount	Contractual cash flow	Less than 1 year	1 - 2 years	2 - 5 years
December 31, 2021	\$ 12,264,387	\$ 13,821,248	\$ 3,397,805	\$ 1,952,570	\$ 8,470,873
December 31, 2020	11,133,416	12,685,549	2,703,511	1,708,510	8,273,528

## (e) Market risk:

Market risk is the risk that changes in market prices, such as interest rates and other rate risks, will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

The Company is exposed to interest rate risk associated with the concession liability (note 11) as this is subject to an annual determination of financing interest rate for new and renewing debt portion of financing. The Company manages this risk through the annual 5-year capital plan submission provided by the Concessionaire in accordance with the Concession Agreement.

**18. Capital management:**

The Company's objective when managing capital is to maintain a strong capital base to sustain future development of the business, so that it can provide return for the shareholder and benefits for other stakeholders.

The Company considers the items included in shareholder's equity and the concession liability as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may request additional investment from its shareholder. The Company is not required to meet any debt covenants. The Company is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year (2020 - no changes).

**19. Pension plan:**

The Company 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.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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### 19. Pension plan (continued):

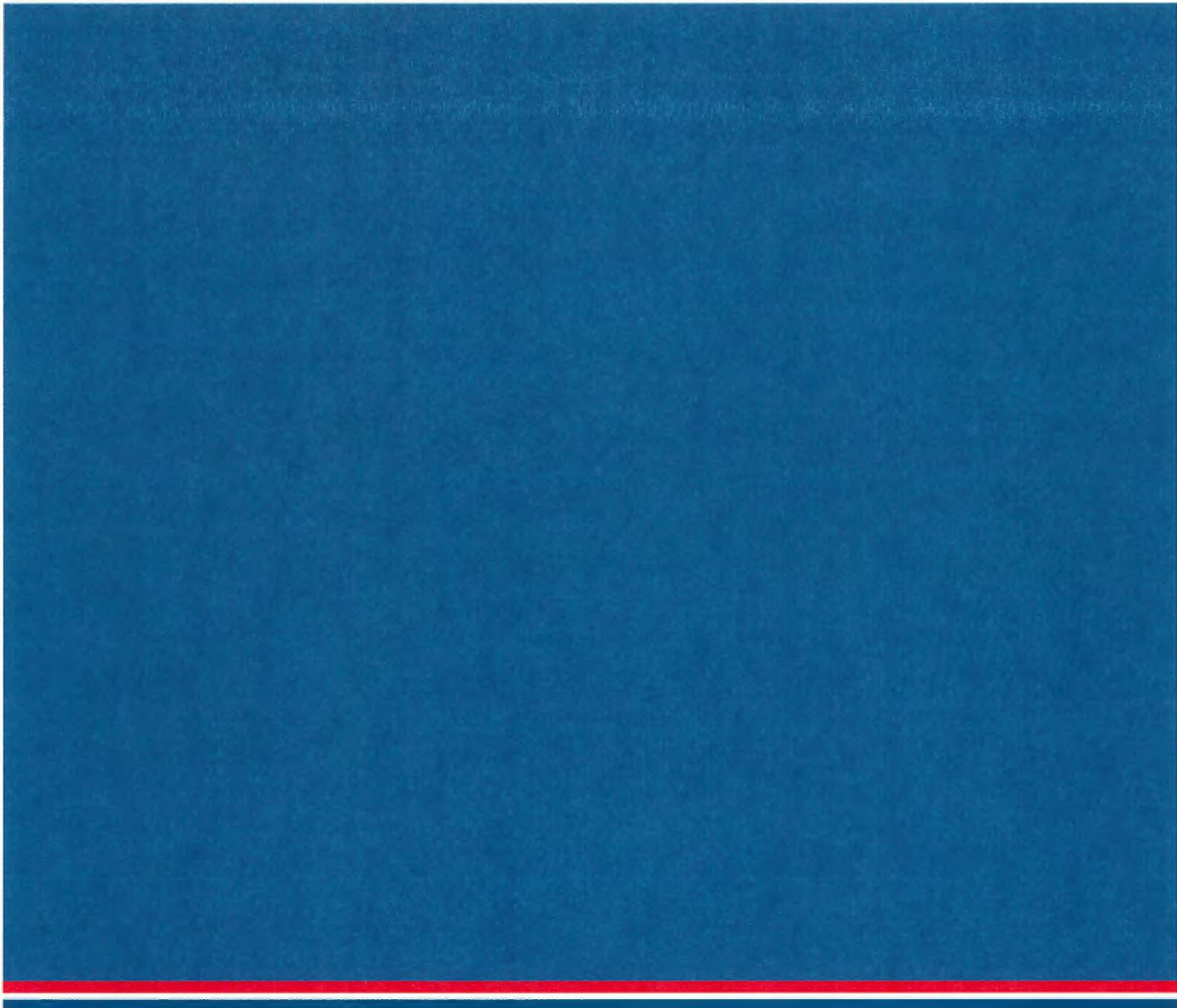
As at December 31, 2020, the plan has about 220,000 active members and approximately 106,000 retired members. Active members include approximately 42,000 contributors from local governments.

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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

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

The Company paid \$86,323 (2020 - \$84,498) for employer contributions to the Plan in 2021.

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.



## Lulu Island Energy Company

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