



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, June 24, 2019  
**Time:** 4:00 p.m.  
**Place:** Anderson Room  
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.: 01-0060-20-GOTR1-01 ) (REDMS No. 6202008)

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, 2018 to December 31, 2018, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 18, 2019 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 6, 2019;*
- (2) *the Shareholder acknowledges that the following directors are currently serving a 2-year term (2018-2020) and will continue to serve as directors for the coming year:*

Special Council Agenda  
Monday, June 24, 2019

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*Name*

- i. George Duncan*
- ii. Peter German*
- iii. Gail Terry*
- iv. Dan Nomura*
- v. Walter Soo*
- vi. Gary Collinge*

- (3) *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 2021:*

*Name*

*Term*

- |                               |             |
|-------------------------------|-------------|
| <i>vii. Dennis Skulsky</i>    | <i>2021</i> |
| <i>viii. Moray Keith</i>      | <i>2021</i> |
| <i>ix. Umendra Mital</i>      | <i>2021</i> |
| <i>x. Lisa Cowell</i>         | <i>2021</i> |
| <i>xi. Chris Gear</i>         | <i>2021</i> |
| <i>xii. Christine Nesbitt</i> | <i>2021</i> |
| <i>xiii. Wayne Duzita</i>     | <i>2021</i> |

- (4) *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;*
- (5) *the 2018 Annual Report of the Company is hereby received; and*
- (6) *June 24, 2019 be and is hereby selected as the annual reference date for the Company for its current annual reference period.*



LULU ISLAND ENERGY COMPANY LTD.

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

(File Ref. No.: 10-6600-10-01 ) (REDMS No. 6195790 v. 2; 6174038; 6174041)

CNCL-58

See Page **CNCL-58** for full report

Special Council Agenda  
Monday, June 24, 2019

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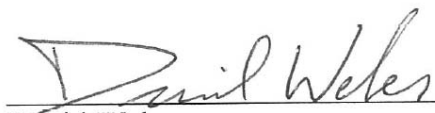
**RESOLVED THAT:**

- (1) *the shareholder acknowledges that the financial statements of the Company for the period ended December 31, 2018, 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:*
  - i. *John David Irving;*
  - ii. *Jerry Ming Chong;*
  - iii. *Cecilia Maria Achiam;*
  - iv. *Joseph Erceg;*
  - v. *Andrew Nazareth;*
  - vi. *Kirk Taylor;*
- (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) *June 24, 2019 is hereby selected as the annual reference date for the Company for its current annual reference period.*



**ADJOURNMENT**



  
\_\_\_\_\_  
David Weber  
Corporate Officer

**CNCL – 3  
(Special)**



**To:** Mayor & Councillors ("the Shareholder")  
**From:** George Duncan  
Chief Administrative Officer  
President & CEO  
Richmond Olympic Oval Corporation  
**Date:** May 30, 2019  
**File:** 01-0060-20-GOTR1-  
01/2019-Vol 01  
**Re:** Notice to the Shareholder of the 2019 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 June 24, 2019 adjacent to the Council Meeting at 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	2018 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	2018 Annual Report
Appendix F	2018 Schedule of Board Remuneration and Expenses

George Duncan  
President & CEO



**APPENDIX A**

**RICHMOND OLYMPIC OVAL CORPORATION**

**Notice of Annual General Meeting**

### **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 June 24, 2019 at a Special Meeting of Council at 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, 2018 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 2019 fiscal year and to authorize the Board to fix the auditors' remuneration;
4. to acknowledge and confirm previous receipt of the Corporation's 2018 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 June 24, 2019 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, 2018 to December 31, 2018 and the report of the auditors thereon are attached to this Notice of Annual General Meeting.

Dated this 7 day of June, 2019.

**On behalf of the Board of Directors**

  
George Duncan  
President & CEO

**APPENDIX B**

**RICHMOND OLYMPIC OVAL CORPORATION**

**2018 Audited Financial Statements**

Financial Statements of

**RICHMOND OLYMPIC  
OVAL CORPORATION**

Year ended December 31, 2018



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

## 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, 2018
- 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, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.



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

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
April 18, 2019



# RICHMOND OLYMPIC OVAL CORPORATION

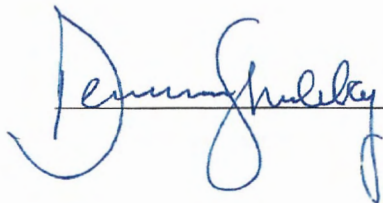
## Statement of Financial Position

December 31, 2018, with comparative information for 2017

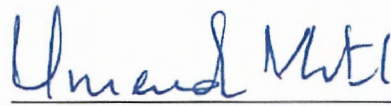
	2018	2017
<b>Financial Assets</b>		
Cash	\$ 854,440	\$ 309,846
Investments (note 3)	11,809,612	10,576,342
Accounts receivable	569,423	907,140
Due from City of Richmond (note 4)	85,995	250,737
Inventories held for resale	136,355	203,782
	13,455,825	12,247,847
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,708,638	1,702,855
Deferred revenue (note 6)	6,318,796	6,514,601
Rental deposits	9,263	9,263
	8,036,697	8,226,719
Net financial assets	5,419,128	4,021,128
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	11,618,088	11,648,902
Deferred lease costs (note 8)	50,762	76,412
Prepaid expenses and other deposits	440,792	354,712
	12,109,642	12,080,026
Economic dependence (note 13)		
Accumulated surplus (note 9)	\$ 17,528,770	\$ 16,101,154

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, 2018, with comparative information for 2017

	2018 Budget	2018	2017
	(Note 2(h))		
Revenue:			
2010 Games Operating Trust Fund (note 5)	\$ 2,900,000	\$ 2,899,454	\$ 2,804,671
Contribution from City of Richmond (note 11(a))	3,451,446	3,451,446	3,377,146
Memberships, admissions and programs	8,347,591	8,345,640	8,099,678
Other	2,110,345	2,154,598	2,252,637
	16,809,382	16,851,138	16,534,132
Expenses:			
Salaries and benefits	9,298,717	8,918,535	8,916,249
Utilities	1,052,316	1,055,289	1,050,194
Amortization	1,800,000	1,706,527	1,513,281
Supplies and equipment	1,001,379	959,879	930,883
Insurance	338,486	320,079	342,203
General and administration	976,058	778,661	905,986
Marketing	337,694	249,210	283,826
Program services	1,265,203	1,341,239	1,300,871
Professional fees	156,090	94,103	88,209
	16,225,943	15,423,522	15,331,702
Annual surplus	583,439	1,427,616	1,202,430
Accumulated surplus, beginning of year	16,101,154	16,101,154	14,898,724
Accumulated surplus, end of year	\$ 16,684,593	\$ 17,528,770	\$ 16,101,154

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget (Note 2(h))	2018	2017
Annual surplus for the year	\$ 583,439	\$ 1,427,616	\$ 1,202,430
Acquisition/transfer of tangible capital assets	(1,361,190)	(1,675,713)	(1,483,002)
Amortization of tangible capital assets	1,800,000	1,706,527	1,513,281
	438,810	30,814	30,279
Amortization of deferred lease costs	-	25,650	25,650
Increase in prepaid expenses and other deposits	-	(654,008)	(459,544)
Use of prepaid expenses and other deposits	-	567,928	519,713
Change in net financial assets	1,022,249	1,398,000	1,318,528
Net financial assets, beginning of year	4,021,128	4,021,128	2,702,600
Net financial assets, end of year	\$ 5,043,377	\$ 5,419,128	\$ 4,021,128

See accompanying notes to financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,427,616	\$ 1,202,430
Items not involving cash:		
Amortization of tangible capital assets	1,706,527	1,513,281
Amortization of deferred lease costs	25,650	25,650
Net transfers of tangible capital assets	-	39,754
Changes in non-cash operating working capital:		
Accounts receivable	337,717	(341,997)
Due from City of Richmond	164,742	(239,433)
Inventories held for resale	67,427	(88,670)
Prepaid expenses and other deposits	(86,080)	60,169
Accounts payable and accrued liabilities	5,783	(25,028)
Deferred revenue	(195,805)	695,649
	3,453,577	2,841,805
Capital activities:		
Acquisition/transfer of tangible capital assets	(1,675,713)	(1,522,756)
Investing activities:		
Net purchase of investments	(1,233,270)	(1,874,492)
Increase (decrease) in cash	544,594	(555,443)
Cash, beginning of year	309,846	865,289
Cash, end of year	\$ 854,440	\$ 309,846

See accompanying notes to financial statements.

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements

Year ended December 31, 2018

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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").

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

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

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

The comparative information includes the accounts of all the funds of the Corporation and the Corporation's 50% proportionate share of the operations of VROX Sport Simulation Ltd. ("VROX"), previously a government partnership. As at December 31, 2017, VROX transferred all its assets and liabilities to the Corporation.

### **(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 (continued)

Year ended December 31, 2018

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

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

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

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

### (iii) Deferred lease costs:

The initial direct costs incurred in connection with leases of rental properties in the Oval are deferred and amortized over the initial term of the leases. Such costs include agent commissions, legal fees, and costs of negotiating the leases.

### (e) Pension plan:

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

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements (continued)

Year ended December 31, 2018

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

(f) Income taxes:

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

(g) Functional and object reporting:

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

(h) Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board of Directors on January 31, 2018.

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

(j) Government transfers:

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 3. Investments:

Investments represent term deposits as follows:

Purchase Date	Maturity Date	2018	2017
July 17, 2018	January 14, 2019	\$ 2,899,454	\$ -
August 20, 2018	February 18, 2019	878,855	-
October 2, 2018	April 1, 2019	3,179,844	-
October 31, 2018	October 31, 2019	1,721,445	-
November 5, 2018	November 5, 2019	2,480,014	-
December 20, 2018	June 18, 2019	650,000	-
July 4, 2017	January 5, 2018	-	1,000,000
July 10, 2017	January 5, 2018	-	3,640,899
August 22, 2017	February 19, 2018	-	1,841,571
October 2, 2017	October 2, 2018	-	4,093,872
		\$ 11,809,612	\$ 10,576,342

The interest rate of the term deposits range from 2.40% to 3.00% (2017- 1.60% to 2.10%).

## 4. Due from City of Richmond:

The amounts due from City of Richmond arise in the normal course of business and are 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, an irrevocable trust was created known as GOT and the 2010 Games Operating Trust Society (the "Society") became the trustee of the Fund. The purpose of the Fund is to fund operating expenses and capital maintenance costs of certain facilities created for the Games, specifically the Oval and the Whistler Sliding Centre and Nordic Centre, and to assist with the continued development of amateur sport in Canada. Subsequent to the formation of the GOT, the City, as owner of the Oval, became a beneficiary of the GOT and became responsible for complying with obligations set by the Society and GOT in order to receive funding.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

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

Effective December 31, 2007:

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

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

Funds from GOT are paid to the City first and the City distributes the funds to the Corporation.

Revenue from GOT is comprised of:

	2018	2017
2017 annual distributable amount approved and received in 2018	\$ 2,899,454	\$ -
2016 annual distributable amount approved and received in 2017	-	2,804,671
	<u>\$ 2,899,454</u>	<u>\$ 2,804,671</u>

## 6. Deferred revenue:

	2018	2017
Balance, beginning of year	\$ 6,514,601	\$ 5,818,952
Add: additions	10,304,433	11,047,964
Less: revenue recognized	(10,500,238)	(10,352,315)
Balance, end of year	<u>\$ 6,318,796</u>	<u>\$ 6,514,601</u>

Deferred revenue comprises of:

	2018	2017
Memberships and programs	\$ 1,040,617	\$ 1,064,226
Sponsorship fees	614,666	1,123,000
Sport Hosting funding (note 11(b))	430,407	382,189
Richmond Olympic Experience (note 11(b))	4,233,106	3,945,186
	<u>\$ 6,318,796</u>	<u>\$ 6,514,601</u>



# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 7. Tangible capital assets:

	Balance, December 31, 2017	Additions	Balance, December 31, 2018
Athletic equipment	\$ 2,610,259	\$ 303,211	\$ 2,913,470
Building improvements	1,287,996	686,174	1,974,170
Computer software and equipment	2,347,327	213,743	2,561,070
Facility equipment	989,394	141,460	1,130,854
Infrastructure	5,880,940	-	5,880,940
Signage	132,107	-	132,107
Simulators and exhibit fabrication	3,824,386	6,319	3,830,705
Tenant improvements	65,729	-	65,729
Uniforms, ice skates, and helmets	265,688	44,101	309,789
Work-in-progress	158,963	280,705	439,668
	<b>\$ 17,562,789</b>	<b>\$ 1,675,713</b>	<b>\$ 19,238,502</b>

	Balance, December 31, 2017	Amortization expense	Balance, December 31, 2018
Athletic equipment	\$ 1,446,640	\$ 260,279	\$ 1,706,919
Building improvements	345,937	331,948	677,885
Computer software and equipment	2,012,818	304,675	2,317,493
Facility equipment	711,624	208,896	920,520
Infrastructure	315,953	147,023	462,976
Signage	87,749	21,822	109,571
Simulators and exhibit fabrication	747,382	382,816	1,130,198
Tenant improvements	52,823	9,750	62,573
Uniforms, ice skates, and helmets	192,961	39,318	232,279
	<b>\$ 5,913,887</b>	<b>\$ 1,706,527</b>	<b>\$ 7,620,414</b>

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 7. Tangible capital assets (continued):

	2018	2017
	Net book value	Net book value
Athletic equipment	\$ 1,206,551	\$ 1,163,619
Building improvements	1,296,285	942,059
Computer software and equipment	243,577	334,509
Facility equipment	210,334	277,770
Infrastructure	5,417,964	5,564,987
Signage	22,536	44,358
Simulators and exhibit fabrication	2,700,507	3,077,004
Tenant improvements	3,156	12,906
Uniforms, ice skates, and helmets	77,510	72,727
Work-in-progress	439,668	158,963
	<b>\$ 11,618,088</b>	<b>\$ 11,648,902</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 (2017 - nil).

## 8. Deferred lease costs:

	2018	2017
Balance, beginning of year	\$ 76,412	\$ 102,062
Less amortization	(25,650)	(25,650)
Balance, end of year	<b>\$ 50,762</b>	<b>\$ 76,412</b>

## 9. Accumulated surplus:

Accumulated surplus is comprised of:

	2018	2017
Share capital	\$ 1	\$ 1
Capital reserve	6,323,413	4,749,421
Other reserves/provisions	1,357,010	1,683,596
Operating surplus	592,476	546,350
Invested in tangible capital assets	9,255,870	9,121,786
	<b>\$ 17,528,770</b>	<b>\$ 16,101,154</b>

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements (continued)

Year ended December 31, 2018

---

## **10. Financial risk management:**

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

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

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of account receivables. 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.

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements (continued)

Year ended December 31, 2018

---

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

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

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

In 2018, \$191,690 (2017 - \$204,451) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

In 2018, \$57,581 (2017 - \$104,185) of salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed.

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

During 2018, the Corporation received a contribution from the City of \$3,451,446 (2017 - \$3,377,146).

### **(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 2018, \$433,333 (2017 - \$100,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2018, \$430,407 (2017 - \$382,189) has been included in deferred revenue (note 6) and \$385,117 (2017 - \$334,197) was recognized in memberships, admissions, and programs on the statement of operations.

The Corporation also received \$452,816 from the hotel tax funding in 2018 (2017 - \$1,418,070) to be used to purchase tangible capital assets related to the Richmond Olympic Experience project. In order to retain this funding, 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, \$4,233,106 (2017 - \$3,945,186) 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.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 12. Pension plan:

The Corporation and its employees contribute to the Plan, a jointly trustee pension plan. The Plan's 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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit. The most recent valuation for the Plan as of December 31, 2015, indicated a \$2,224,000,000 funding surplus for basic pension benefits on a going concern basis. The Corporation paid \$470,176 (2017 - \$506,170) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019. 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.

## 13. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT and the City.

## 14. Contractual rights:

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

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2019	\$ 660,699
2020	418,432
2021	146,000

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

**APPENDIX C**

**RICHMOND OLYMPIC OVAL CORPORATION**

**Unanimous Consent Resolutions of the Shareholder**

**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:

**RESOLVED THAT:**

the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2018 to December 31, 2018, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 18, 2019 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 6, 2019;

The shareholder acknowledges that the following directors are currently serving a 2-year term (2018-2020) and will continue to serve as directors for the coming year:

	Name
1.	George Duncan
2.	Peter German
3.	Gail Terry
4.	Dan Nomura
5.	Walter Soo
6.	Gary Collinge

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 2021:

	Name	Term
7.	Dennis Skulsky	2021
8.	Moray Keith	2021
9.	Umendra Mital	2021
10.	Lisa Cowell	2021
11.	Chris Gear	2021
12.	Christine Nesbitt	2021
13.	Wayne Duzita	2021

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 2018 Annual Report of the Company is hereby received; and

June 24, 2019 be and is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of June 24, 2019.  
CITY OF RICHMOND

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

**APPENDIX D**

**RICHMOND OLYMPIC OVAL CORPORATION**

**Notice of Appointment of Auditor**



**NOTICE OF APPOINTMENT OF AUDITOR**

TO: KPMG LLP  
Chartered Accountants  
Pacific Centre  
777 Dunsmuir Street  
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 June 24, 2019.

RICHMOND OLYMPIC OVAL  
CORPORATION

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George Duncan  
President & Chief Executive Officer

**APPENDIX E**

**RICHMOND OLYMPIC OVAL CORPORATION**

**2018 Annual Report**



**02** MESSAGE FROM THE CHAIR

**03** MESSAGE FROM THE CEO

**06** ESTABLISHING POSITIVE BRAND AWARENESS

**10** BECOMING VALUED BY THE COMMUNITY AND ITS EMPLOYEES

**13** SUPPORTING HIGH PERFORMANCE SPORT

**16** BECOMING THE DESIRED LOCATION FOR COMMUNITY SPORTS, HEALTH AND FITNESS

**20** EVENTS HIGHLIGHTS

**22** APPENDICES

18



## DENNIS SKULSKY

Chair of the Board of Directors

MESSAGE  
FROM THE  
CHAIR

On behalf of the Richmond Olympic Oval Corporation Board of Directors, I am pleased to present the 2018 Annual Report.

The 13 members who comprise the Board of Directors ensure the Oval is focused on achieving its central goal of becoming a community hub and a destination of excellence in sport and wellness. Throughout 2018, the Board worked closely with management to work towards the long-term goal of providing value for Oval stakeholders, customers, and residents of Richmond, all in a strong financial manner. This was made possible due to the excellent work of governance and leadership by the previous Board on behalf of the City of Richmond.

The Oval has adopted the spirit of self-competition in all aspects of operation to ensure we continually achieve and set new goals and targets. This is evidenced by our offerings to the residents of Richmond and the high performance sport community. This dedication further substantiates the Board's belief in our operating plans and the capability and vision of the Oval's CEO and management team.

As we turn to the future and the next decade of Oval operations, a commitment to delivering Olympic quality, on-trend athletic programming and superior customer service is paramount. We are confident the Oval will continue to be successful in achieving its legacy goals due to its willingness and ability to adapt to evolving market trends and community needs.

## DENNIS SKULSKY

CHAIR OF THE BOARD OF DIRECTORS

Finally, I would like to thank the members of the Board for their continued dedication and contributions throughout the year. The Board extends its thanks to George Duncan, Chief Executive Officer, and the senior executives from the City of Richmond and the Oval for their leadership and commitment to the long-term success of the Oval. With 10 years of success as our foundation, the Board of Directors look forward to continuing its close work with management on the vision for a prosperous future.

## GEORGE DUNCAN

Chief Executive Officer

MESSAGE FROM  
THE CEO

## 10 Years of Excellence at The Oval

When Vancouver was awarded the bid for the XXI Olympic Winter Games, the forward-thinking City of Richmond recognized an opportunity to capture a global audience and invest in the future opportunities for its residents, and realized this potential in the Richmond Olympic Oval.

December 12, 2018 marked the 10 year anniversary of the Richmond Olympic Oval opening its doors in advance of the 2010 Winter Olympic Games, where it would host long track speed skating events.

Over the last decade, the Oval has undergone an evolution to successfully transform the Richmond Olympic Oval from a sporting venue into a multi-use facility to best serve the health, fitness and performance goals of the City's residents. Growing alongside the Oval is an amazing community appropriately named the Oval Village. It is with immense pride that we see the early vision of the Oval and the surrounding community being realized. It is with great excitement that we look forward to the important work still to be done and the continued benefit to the City yet to be fully realized.

As a part of the City of Richmond, our accomplishments in 2018 work toward our overall goals of providing exceptional customer service,

community programs, elite training facilities and services, and to support Richmond residents and athletes in reaching the own personal podiums. These continuous investments in providing remarkable experiences for residents and visitors reflect our efforts towards excellence.

We look forward to the continued progression of the Oval in the next 10 years as we strengthen our commitment to our community. On behalf of my colleagues, we would like to share some successes and accomplishments in 2018:

- The existing Fitness and Wellness programs offered at the Oval were re-branded with a new name, look, and feel into OVALfit. OVALfit is an all-encompassing, highly motivational brand that emphasizes the results-driven programs available at the Oval. Accompanying OVALfit is the launch of OVALfit RIDE in November, 2018. By diversifying our offerings and staying on-trend with boutique-style fitness programming, we are expanding the value our patrons receive through Oval Membership.
- The Richmond Olympic Experience (ROX) partnered with the Vancouver International Mountain Film Festival (VIMFF) and the BC Ale Trail to host two sold out events: Dawn Wall and Night at the Museum: BC Ale Trail Edition, respectively.
- Ongoing equipment and technology upgrades in the Fitness Mezzanine

which saw over 226,000 visits in 2018.

- Oval Community Sport camp programs continues to grow and diversify with 2018 camp registrations reaching 3,199, an increase of 27% over 2017.

- Annual Visitation numbers reached 1.08 million in 2018.

- The Oval hosted 61 sporting events throughout the year, highlighting the versatility of the facilities available. From the Taekwondo Canada Open to the Vancouver Invitational Wheelchair Rugby Tournament, the Oval is able to accommodate diverse and varied sporting competitions.

These initiatives have built towards the legacy of the Oval for Richmond residents, our members, our Canadian athletes, and anyone who chooses to strive for personal development at our facility.

We would like to thank my team of employees who continue to strive for excellence, and acknowledge the valuable assistance that we receive from the Oval Corporation's Board of Directors, the Games Operating Trust and Richmond City Council.

## GEORGE DUNCAN

CHIEF EXECUTIVE OFFICER



**The Richmond Olympic Oval was the signature venue of the 2010 Olympic Winter Games and has now become an iconic landmark and international centre for sport, health, wellness, culture and entertainment. For the City of Richmond, the Oval signifies a major investment in the overall health and well-being of a diverse community.**

CNCL - 33  
(Special)



## 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. Supporting high performance sport.
4. Becoming the desired location for community sport, health and fitness.
5. Operating in a financially sustainable manner.

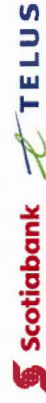
## OPERATING AGREEMENT OBJECTIVES

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:

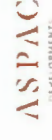
- The Oval will provide facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public.
- The Oval will be developed, used and promoted as a training and competition facility for high performance 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.

## THANKS TO OUR CORPORATE PARTNERS

RICHMOND OLYMPIC OVAL



RICHMOND OLYMPIC EXPERIENCE





MESSAGE FROM  
THE OVAL

MESSAGE FROM  
THE CEO

MESSAGE FROM  
SENIOR MANAGEMENT

MESSAGE FROM THE  
COMMUNITY AND ITS EMPLOYEES

# ESTABLISHING POSITIVE BRAND AWARENESS

CNCL - 34  
(Special)



## TEAM CANADA BASKETBALL TRAINING CAMP

Canada's national senior men's basketball team held a training camp at the Richmond Olympic Oval before embarking on its international summer schedule that included a two-game series with China. The camps brought multiple NBA players to Richmond, BC and generated a high level of exposure for the Oval through multiple media events. The Oval hosted Team Canada and Team China men's basketball teams from June 16-21 for practices and high performance training. The event included an on-site press conference and court-side media day on June 20th. Team Canada had several NBA players on the roster as well as Richmond's own brothers Thomas and Phil Scrubb.



## GLOBAL ACTIVE CITIES

The City of Richmond was among the world's first places to be awarded the Global Active City label. This designation honours cities which have worked hard to offer all their residents the opportunity to have a healthy, active lifestyle and improve their well-being.

The Richmond Olympic Oval played an important role in Richmond, BC being designated a Global Active City. The Oval helps members lead healthy active lives through a wide variety of programs, activities and services. The Oval is the training centre for multiple national teams and is here to inspire and motivate people to reach their own podium.

The Global Active City Standard was created with input from more than 70 experts in health, sports and social sciences; legacy and sustainability; tourism; and urban planning and management.



## NIGHT AT THE MUSEUM: BC ALE TRAIL EDITION

On November 3, the Olympic Experience Museum turned down the lights and turned up the music for the inaugural Night at the Museum. The adults-only night, featured craft beer from local breweries and guests including Olympians and beer enthusiasts from all over the Lower Mainland. Attendees enjoyed a game-filled night with all-inclusive food and drinks from breweries represented along the new BC Ale Trail.



## JAMAL MURRAY BASKETBALL CAMP

Canada's own rising NBA stars Jamal Murray and Dillon Brooks hosted a youth clinic during the summer from August 7-10. During the four-day clinic, 180 kids were put through drills focused on improving ball-handling, shooting, passing and defence. The event was featured on Global TV, Sportnet Radio and Richmond News.



## PROJECT MONGOLIA

Oval High Performance coaches, Nate Leslie and Ben Mackay, led the 2nd Annual 'Rinks of Hope' drive which collected new and used hockey equipment for kids in Mongolia.

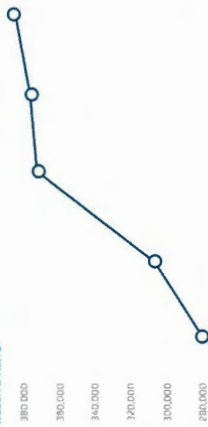
The local hockey community came through helping Nate and Ben fill a 20-foot shipping container with 500 pairs of skates, 1400 jerseys, and 45 complete sets of player equipment. The container was shipped to Mongolia. Nate and Ben arrived days later and spent over a week distributing the equipment and working with local players and coaches.

With just over 700 players nationally, this 2018 drive significantly improved access to the sport of hockey for these aspiring young players of Mongolia.

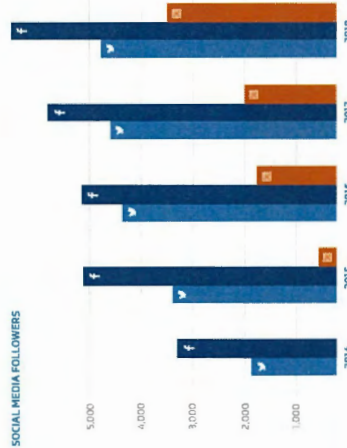


## 2018 SITE VISITS AND SOCIAL STATS

### WEBSITE VISITS



### SOCIAL MEDIA FOLLOWERS



## DAWN WALL

In partnership with the Vancouver International Mountain Film Festival (VIMFF), the Oval hosted 'The Dawn Wall' film event on November 18. Over 300 attendees from the BC climbing community enjoyed climbing workshops and refined their skills on the Oval's 44-foot climbing wall. A climbing marketplace featured products from notable vendors such as Mountain Equipment Co-op (MEC) and Black Diamond. Patrons met up with professional climbers and enjoyed craft beer tastings from Richmond's own Fuggles & Warlock Craftworks brewery.

The film showcased American rock climbers Tommy Caldwell and Kevin Jorgeson captivating the world with their effort to climb the Dawn Wall, a seemingly impossible 3,000-foot rock face in Yosemite National Park, California.



# 2018 MEDIA HEADLINES

## OLYMPIC OVAL COACH SHARES HIGHLIGHTS FROM PYEONGCHANG

**RICHMOND NEWS**



## OLYMPIC MUSEUM'S FIRST CRAFT BEER NIGHT DRAWS OLYMPIANS, BEER ENTHUSIASTS

The Olympic Experience Museum's first-ever adults-only night featured craft beer along the BC Ale Trail.

**RICHMOND NEWS**

## RICHMOND OLYMPIC OVAL INVITES COMMUNITY TO CELEBRATE 10-YEAR MILESTONE

It opened its doors one decade ago as the official Olympic venue for speed skating, but its legacy is how it continues to bring the community together since the 2010 Winter Games.

**CTV NEWS**



## NEW ERA FOR CANADIANS BEGINS THIS WEEKEND

The regional rep program will be operating teams in the BC Major Midget and the new BC Minor Midget Leagues for the 2018-2019 campaign.

**RICHMOND NEWS**

**RICHMOND'S MCARTHUR GLEN DESIGNER OUTLET OFFERING HOST OF OUTDOOR FITNESS CLASSES FOR CANADA DAY**

**straight**



## NBA players in Canadian colours at Olympic Oval

National men's team opens two-day training camp in preparation for Pacific Rim Classic and World Cup qualifying

## EXPERIENCING CANADIAN INSPIRATION AT OLYMPIC OVAL EASIER WITH FOREVER YOUNG 8K

"We didn't want to be a small part of a big running event. We wanted to have our own running event. We're happy to be at the Oval now. The venue is so impressive."

**THE VANCOUVER SUN**



# BECOMING VALUED BY THE COMMUNITY AND ITS EMPLOYEES

CNCL - 36  
(Special)

RICHMOND OLYMPIC

## THRIVING WITH THE COMMUNITY



### DUNFEE WALKS

Canadian race walker, Olympian and Oval team member Evan Dunfee kicked off his Dunfee Walks campaign at the Oval on September 15. Evan's goal was to raise \$25,000 for KidSport™ BC's 25th anniversary. By walking 25 kilometres a day for 25 days and visiting 25 schools, Evan was joined by fellow Oval staff who race-walked part of the first kilometre. Money raised for KidSport™ helps provide children up to the age of 18 access to sport opportunities and experiences in both team and individual sports.



### PINK SHIRT DAY

The Oval Team showed support for Pink Shirt Day and in doing so, reinforced their commitment to ensuring a safe sport culture not only in Richmond but for all British Columbia. The #ERASEBullying campaign provides the BC sport sector an avenue to showcase its commitment to promoting positive, respectful, engaging, accessible and inclusive environments for all participants.

### VOLLEYBALL CANADA GOLF FUNDRAISER

The Oval Team assisted with the planning and execution of the first annual Women's National Team Golf Fundraiser. The event was held on August 10 at the Country Meadows Golf Course in Richmond. Members of the volleyball community, corporate partners and sponsors took to the links for 18 holes followed by a barbecue with the team. The funds raised during the event, will support the team's training and travel as they work to qualify for the Tokyo 2020 Olympic Games.



### INTERCLUB MEET

Oval High Performance Speed Skating, planned and delivered the 2018 Richmond Oval Interclub meet for the benefit of the speed skating community. Ranging in age from 7-63 yrs, 132 skaters from 12 clubs attended the competition. Other racers included 21 Richmond Rockets skaters and 10 Oval High Performance skaters. Thanks to the work of Oval Staff, local clubs and 60 volunteers, the Interclub meet was a huge success in bringing together the speed skating community.



### FAMILY DAY

The Family Day Olympic Experience saw 1500+ people through the Oval on the afternoon of February 12. Leading up to the event CBC anchors Dan Burritt and Johanna Wagstaffe helped build awareness by trying out and sharing online several sports including speed skating, ice hockey and the ROX bobsleigh simulator.

Activities included a Rock Climbing 2020 experience, Richmond Rockets speed skating demo, family skate, autograph signing with Olympian Christine Nesbitt, CBC Kids craft station, 2010 Olympic Podium photo station and a ROX bobsleigh simulator competition.







### PYEONGCHANG 2018 WINTER OLYMPIC GAMES

Matt Fisher, Oval Head Strength and Conditioning Coach, supported the Canadian National Snowboard team in the years leading up to and during the PyeongChang 2018 Winter Olympic Games where the team won a gold, 2 silvers and a bronze. Matt took over the Oval HP Instagram during the Games to provide Oval members, athletes and the Richmond community a real time behind the scenes look into Snowboard Canada's training, preparation and competition. Matt Sanders, the Oval's Assistant Manager Operations, was selected as an ice maker and travelled to PyeongChang to clean the Long Track ice during the games.



### CANADA DAY

2018 Canada Day included activities at both McArthurGlen Outlet Malls and Steveston Salmon Festival. The Oval partnered with McArthurGlen to offer 6 sold-out cycling and 'Yoga classes in the malls' beautiful outdoor piazza. The space was transformed into the ultimate fitness hub to celebrate the nation's birthday in true West Coast style. The Oval's presence at the Steveston Salmon Festival was again a crowd favourite. More than 80,000 people attended and the Oval's booth drew long line ups.



### ROX SHOP AND TENTREE

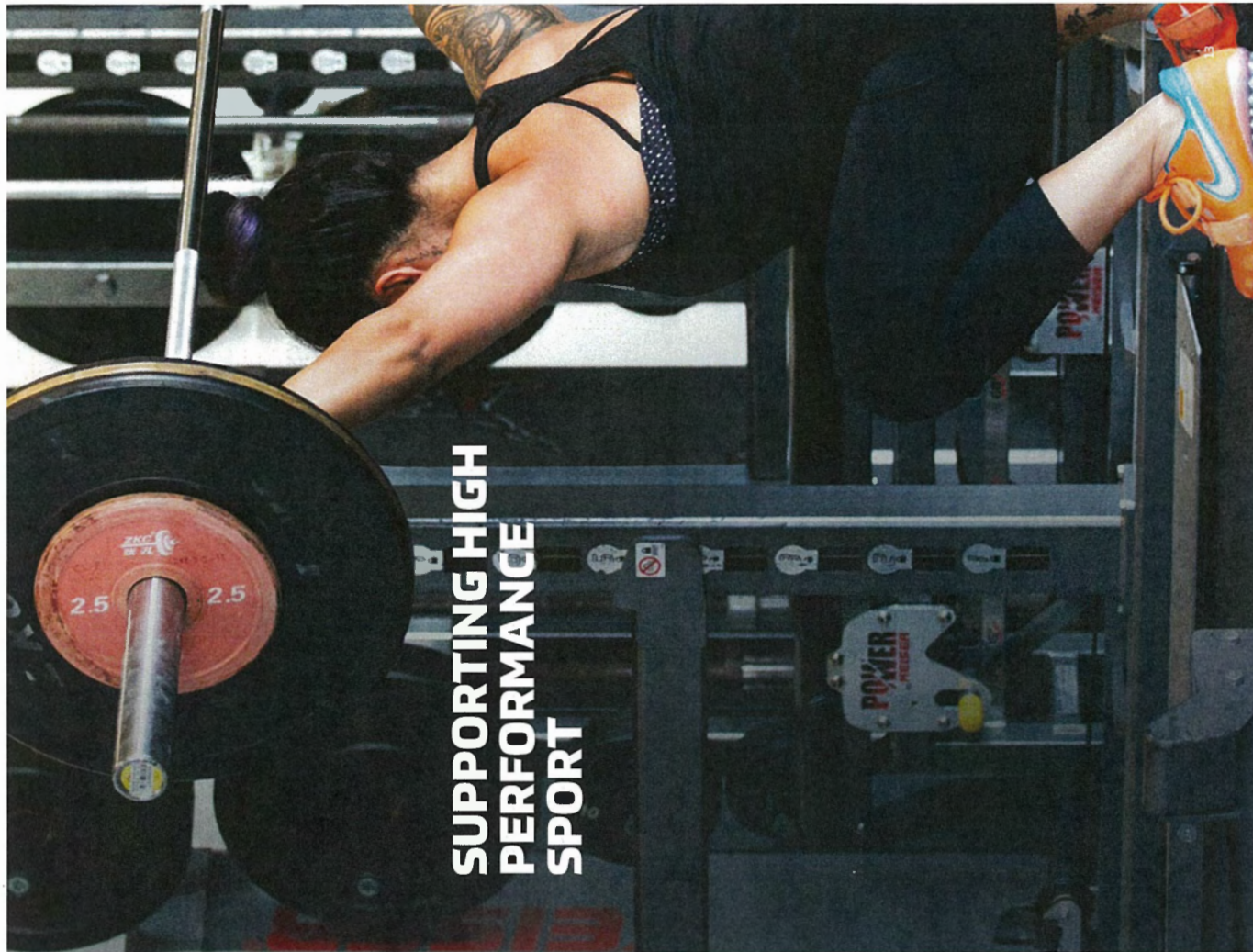
The ROX SHOP at the Oval carries a wide range of sport, fitness and wellness equipment and apparel. While fitting people with great looking clothes, the ROX SHOP also helps plant trees through the sales of 'Tentree products at the shop. Tentree is a company on a mission to protect our planet's wildlife. For every 'tentree item sold the company plants 10 trees. Sales of Tentree products at the Oval's ROX SHOP has resulted in more than 33,200 trees being planted.

**33,200+**  
TREES PLANTED IN 2018



### COMMUNITY LEGACY DAY

The Community Legacy Day milestone event celebrated the Oval's 10-year anniversary. Families from across the Lower Mainland enjoyed 10 fun activities including skating with Santa Claus, rock climbing, law enforcement fitness challenge, wheelchair basketball and gingerbread decorating. Oval sponsors, Scotiabank and Telus, were given great exposure while showcasing games and distributing prizes.



## SUPPORTING HIGH PERFORMANCE SPORT



## HIGH PERFORMANCE APPROACH

The Oval's vision and approach to long-term athlete development is aligned with the Sport for Life development stages and the high performance pathway approach used by Canadian National Sport Organizations. Sport development and high performance sport programming at the Oval is structured to progress community athletes to the provincial and national ranks by undergoing programming that progressively integrates developmentally appropriate strength and conditioning, technical skill development, mental performance, sport nutrition and integrated sport medicine. The Corporation's approach to delivering services and providing facility access provides the foundational stability required for individual athletes, teams or entire programs to best execute their annual training and competition plans.

CNCL 38  
(Special)



## 2018 FEATURED TRAINING GROUPS

### VOLLEYBALL CANADA

The Volleyball Canada's Women's National Team completed their second year at the Oval. Tryouts took place May 7-11 with approximately 40 new athletes trying out and 16 returning. The Oval HP team continued to collaborate closely with Volleyball Canada throughout 2018 to deliver strength and conditioning services and ensure access to required facility and services. Players continue to benefit from integrated sport medical services arranged through the LifeMark Sport Medical clinic at the Oval. The team won silver at the NORCECA Challenge Cup and secured a spot at the 2019 Pan American Games.



### SOFTBALL CANADA

In 2018, Softball Canada joined the community of National Team athletes making the Oval their training home. Oval Strength and Conditioning Coach Jill Masuhara provides strength and conditioning services to the national team athletes based out of the lower mainland. These same athletes completed their batting work in the Oval's batting cages during the winter months under the direction of Softball Canada Coach Dave Pecteau.



### WHEELCHAIR RUGBY CANADA

Collaboration with the national team program and the Oval was ongoing throughout 2018. Players continue to complete Strength and Conditioning (SEC) with Oval Coach, Fran Quintana, who serves as the programs lead Strength and Conditioning coach and oversees a team of coaches who work with players across Canada. Technical training occurred at the Oval approximately 3-4 days a week under the guidance of NextGen coach, Adam Frost. NextGen and National Team training camps occurred throughout 2018 as did work with the Provincial Program run by BC Wheelchair Sports.



### FIELD HOCKEY CANADA

The Oval has served as a key component of Field Hockey Canada's national team programs since 2012. The facilities and services were utilized by both the Men's and Women's National Teams and Junior National Team programs in 2018. Strength and conditioning services were delivered by Oval Coaches: Oval Strength and Conditioning Coach, Rob Hooper, travels with, and to, the Women's National team, which transitioned to a decentralized model in 2018.



### TABLE TENNIS CANADA

The Corporation collaborated closely with Table Tennis Canada on high performance initiatives and strategies to develop high potential BC based players and national team members who reside in the Lower Mainland. A coaching and partnership agreement in place with Cetus Table Tennis club has resulted in a large training group of national teams and NextGen players based out of the Oval throughout 2018.



### SHORT TRACK SPEED SKATING

In 2018, the Corporation hired former Canadian National team member, Nicole Garrido as the Head Coach of the Oval's Speed Skate Performance (SSP) Program. Nicole was one of the first national team skaters to step onto the Oval's ice prior to the 2010 games. In 2018, Coach Garrido made a significant impact on the skaters in the SSP program as well as through her work in supporting the Richmond Rockets Speed Skating Club. New leadership at the BCSSA has resulted in greater integration with the Oval marked by a shared desire to officially position the Oval as the stage 2 provincial centre for short track speed skating.



## RBC TRAINING GROUND

Richmond Oval High Performance hosted the 2018 RBC Training Ground Finals on Saturday April 7th.

The objective of the Training Ground Initiative is to identify athletic potential and Canada's next great future Olympian. Athletes identified through the Training Ground event receive up to \$10,000 a year in funding support to complete specialized training through a national sport organization program.

Oval High Performance worked in collaboration with the Canadian Sport Institute Pacific, Canadian Olympic Committee, CBC and numerous national sport organizations to plan and execute the event.



## ATHLETE ACHIEVEMENTS

### SOFTBALL

HANNA  
FINKELSTEIN

Full-ride softball scholarship –  
Long Island University NY

### TABLE TENNIS

EDISON  
HUANG

Canada Cup #2 – Champion U18 Male

LAURA  
LAI

Represented Canada at the 2018 ITTF World  
Team Championship

TIFANY  
LIU

Canada Cup #2 – Champion U18 Female

PETER  
ISHERWOOD

Canada Cup #1 gold in his class, Para 1-2

### HOCKEY

HANNAH  
GREEN

Committed to UNB Usport starting Fall 2018

### KARATE

RITA  
NGO

2018 Sr. Pan American Karate Championship

### JUDO

CALEIGH  
KURAMOTO

2018 Canadian Championships for Judo – U18 Silver, 2018 Canada Cup – U18 Bronze

JAN  
RYDER

Gold medal at U18 2018 Elite Nationals, Gold medal at 2018 Canadian Championships, Judo BC's U18 Male Athlete of the Year, Canada Cup U18 Gold U21 Gold, Pan American Champions – Argentina U18 Gold, U21 Bronze

### SPEED SKATING

LANAVI  
NGUYEN

BC Winter Games – 2nd overall in U14 girls and 3 Bronze medals

LUKAS  
MACDONALD

Four silver medals from BC Winter Games

### FIGURE SKATING

DAVID  
LI

Canadian Championships – Pre-Novice Silver

WESLEY  
CHIU

Bronze medal at a North American Series Championship

### BEACH VOLLEYBALL

GRANT  
O'GORMAN

Bronze medal at the NORCECA Beach Volleyball tour final

Richmond Residence



# BECOMING THE DESIRED LOCATION FOR COMMUNITY SPORTS, HEALTH AND FITNESS

CNCL - 39  
(Special)

The RIDE cycling studio opened its doors in July 2018

16

## COMMUNITY SPORT 2018 HIGHLIGHTS

# 3,199

▲ 27%  
OVER 2017

RECORD BREAKING SPORT  
CAMPS REGISTRATIONS

THE FOLLOWING RICHMOND BASED ORGANIZATIONS  
AND GROUPS USED THE OVAL:

### RICHMOND GROUPS

Air Attack Volleyball  
Aqua Rhythmic Gymnastics  
Cannington Shating Club  
Drive Basketball  
Kajaks Track and Field  
Royal Canadian Air Cadets  
Richmond Jere Minor Hockey Association  
Richmond FC  
Richmond Girls Soccer  
Richmond Field Lacrosse  
Richmond Ravens Female Ice Hockey  
Richmond Breeze  
Richmond Rockets Speed Skating Club  
Richmond South Delta Minor Ball Hockey Association  
Richmond Vancouver Sports Association  
Shoshtan Karate  
Vancouver KJ Aikido Society  
Richmond City Baseball  
The Dugout Club  
Richmond Mental Health Consumer and Friends Society  
Vancouver Coastal Health

### HIGH RICHMOND PARTICIPATION GROUPS

NCNL  
Urban Rec  
Greater Vancouver Canadians  
Aqua Rhythmic Gymnastics  
Brazilian Soccer School  
John M.S. Lecky UBC Boathouse  
Vancouver Metro Basketball League  
Focus Volleyball  
BC Aboriginal Athletic Association  
Field Hockey BC  
Aqua Baseball  
Penticton Bricks  
BC Wheelchair Association  
Independent Schools Association of British Columbia  
Special Olympics BC  
Vancouver Hawks Field Hockey Club  
Feng Li Basketball Club  
Vancouver Futsal Association  
BC Hockey  
Volleyball BC  
Big Brothers of Greater Vancouver

Vancouver Rowing Club  
The Century Dragons  
Dragon Boat Canada Abbotsford National team  
Hells A Little Swell  
Atreast In A Boat  
False Creek Racing Canoe Club  
Piedra Puhers Dragon Boating Club  
Braggin Dragons  
FLCC Redford  
Sundragons  
Vancouver College  
St. George's Senior School  
UBC Nevea Women  
University of the Fraser Valley  
South Vancouver Little League  
Canadian Omen's Society  
Catholic Independent Schools of Vancouver  
Richmond Aynard Community Association  
Omen Athletics Track and Field Club  
Vancouver CTC Basketball  
Canadian Border Services Agency  
Hockey Community

# 1,518

▲ 23%  
OVER 2017

LEARN TO SKATE RECORD BREAKING  
REGISTRATIONS

# 40

SMALL SPORTING EVENTS

Highlights: Urban Rec. Tournaments,  
Drive Basketball Tournaments, Hockey  
Tournaments and Camps for GVC NCNL and  
BC Hockey, and Basketball tournaments for  
School Associations

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# 2018 FEATURED INITIATIVES



## GROUP FITNESS ENHANCED

Enhancing the group fitness experience was a priority for the Fitness and Wellness department in 2018. November marked the launch of OVALfit RIDE; an immersive indoor cycle studio designed to deliver a boutique experience. The brand new RIDE studio delivers a captivating indoor cycle experience with performance data laser projected onto a 24-foot screen. Riders stay engaged and motivated during and after the workout with

pulsating music and stunning visuals. The Oval is positioned as a leader in the power cycling industry as the first location in Canada to utilize Stages Flight™ technology.

The department also played host to the Stages Indoor Cycle and Stages Flight Instructor training, Sun Run In Training clinics, and numerous TRX instructor certifications through the year.

## EXPANDING FOR THE COMMUNITY (Special)

The Oval now offers services for prospective and serving law enforcement officers. These services include preparatory programs for municipal and regional Police Officers, Correctional Officers or Sheriff Officers.

reaches. New group exercise programs launched in 2018 include Barre, Pilates, and Zumba Strong and specialty program Pilates Babies.

## UPDATES AND UPGRADES

The Oval continued to update its strength and cardio equipment located on the mezzanine level to help increase the capacity of the space during peak hours. Additionally, the hardwood floor was re-surfaced in the main fitness studio and in the fitness mezzanine.

lifting platforms and inlaid hardwood platforms. A Synergy 360 multi station strength piece was added to the functional training space on the mezzanine level to help increase the capacity of the space during peak hours. Additionally, the hardwood floor was re-surfaced in the main fitness studio and in the fitness mezzanine.

## PERSONAL TRAINING SESSIONS

4,371

48,852

GROUP FITNESS VISITATIONS

226,609

FITNESS MEZZANINE VISITS

## SUMMER CAMPS SUCCESS

Community Sport had record-breaking Summer Sport Camp attendance with over 2,300 registrations in 2018. To accommodate this large number of attending kids, the sports camps utilized outdoor and off-site spaces in addition to the activities taking place under the Oval's roof. Get Skills, our marquee physical literacy camp, continues to be the most popular offering.

The Oval's Learn to Skate program had its best registration year of over 1500 kids a 23% increase over 2017. Richmond residents comprised the majority of the registrants.

## WE CONTINUE TO BUILD AN ACTIVE COMMUNITY THROUGH SPORT PARTNERSHIPS

### RICHMOND ARENAS COMMUNITY ASSOCIATION

The Oval has an ongoing partnership with the Richmond Arenas Community Association (RACA). RACA guides arena operations in Richmond and maintains and fosters ongoing relationships with its members. Their works include allocating ice and organizing the programming and utilization of Richmond arenas. Forty-six hours a week of Oval ice time was provided to RACA in 2018. This ice was utilized by Richmond groups including Seafair Minor Hockey Association (SMHA), Richmond Ravens Female Hockey Association and Connaught Skating Club.

### SPORT CLIMBING BC COMPETITION HOSTING

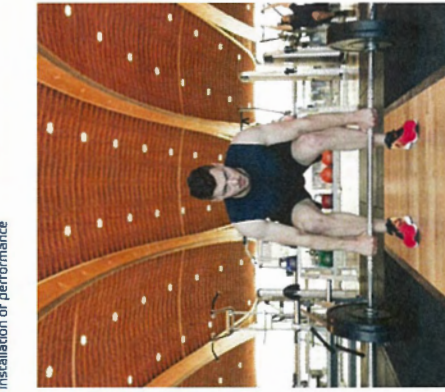
Delivered in partnership with Sport Climbing BC, the 2018 "Spring Cling" competition was a huge success. The competition is viewed by participants as the most comprehensive event on the circuit. The pool of competing athletes has grown annually and in 2018 there were over 150 competitors.

150+

CLIMBING COMPETITORS

### RICHMOND ROCKETS PARTNERSHIP

The Oval continues to foster a strong relationship and partnership with the Richmond Rockets Speed Skating Club to ensure alignment in the promotion and delivery of essential grassroots short track programs in Richmond and the rest of Vancouver. The partnership includes collaboration on ice usage, marketing support, event-hosting and technical coaching, mentorship and planning supported by the Oval Head Speed Skating Coach Nicole Garrido. It must be added that, 2018 was one the most successful years to date with Rocket's skaters achieving record finishes and times in competition showcasing games and distributing prizes.





# EVENTS HIGHLIGHTS

EVENTS HIGHLIGHT

05/2018

## SLEDGE HOCKEY

The 2018 Canadian Sledge Hockey Championships was held at the Oval from May 10-13. The Championships provided significant exposure to the Oval with multiple media coverage broadcasting the games and with additional event features appearing on CBC, Global BC and CTV. In preparation for the event a retrofit of the rink boards around the player's boxes took place which positions the Oval as a potential host venue for future events including the 2020 World Para Ice-Hockey Championship.

CNCL - 41  
(Special)



## 61 EVENTS IN 2018

### (O) OVALTV

Playlight cameras were installed in the building to allow video streaming of selected events and competitions. Users can now tune in and watch live feeds of Oval events on their devices while they are taking place.

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06/2018

## 2018 CANADIAN GYMNAESTRADA

The 2018 Canadian Gymnaestrada event held at the Oval was a national celebration of gymnastics and movement. Participants from across the country came together for four exciting days of performances, workshops, and festivities. Gymnaestrada is a performance-based event that provides the opportunity to celebrate movement and physical activity in a non-competitive environment while capturing the true essence of the 'Gymnastics for All' and 'Active for Life' philosophies of sport and recreation.



Credit: Gym Can, Dave Holland



09/2018

## TAEKWONDO CANADA OPEN

Taekwondo Canada Open is an international competition that drew top athletes from around the world to compete for qualifying points towards World Championships and the Olympic games.



09/2018

## FOREVER YOUNG 8K - 4TH ANNUAL

This BC Athletics sanctioned run, attracted over 250 seniors between the ages of 55 and 90. The 8-kilometre route went west along the dike and turned back at Terra Nova with the finish line on the Oval Riverside Plaza. This event was supported by sponsors contributing over 100 door prizes donated by the community of Richmond. The 2018 Forever Young 8K Walk/Run event raised over \$4,000 for the Dream On Seniors Wish Foundation.



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## 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 2018, the Company has 13 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	Vice Chairman, BC Lions Football Club	February 2011	June 2018	1 year
Moray Keith, British Columbia, Canada	President, Duck Auto Group	June 2008	June 2018	1 year
George Duncan, British Columbia, Canada	Chief Administrative Officer, City of Richmond	June 2008	June 2018	2 years
Umeshra Mital, British Columbia, Canada	Executive Vice President and General Manager, Ebco Industries Ltd. and Advanced Cyclotron Systems Inc.	June 2008	June 2018	1 year
Peter German, British Columbia, Canada	Principal, Peter German & Assoc. Inc.	June 2016	June 2018	2 years
Tony Kwan, British Columbia, Canada	Partner, PLL R Lawyers	June 2016	June 2018	1 year
Gail Terry, British Columbia, Canada	General Manager, Richmond Auto Mail Association	June 2016	June 2018	2 years
Dan Nomura, British Columbia, Canada	President, Canadian Fishing Company	June 2016	June 2018	2 years
Lisa Cowell, British Columbia, Canada	Manager, Fund and Community Development Richmond Society for Community Living	June 2016	June 2018	1 year
Walter Soo, British Columbia, Canada	Executive Vice President, Player & Gaming Development Great Canadian Gaming Corporation	June 2016	June 2018	2 years
Gary Collinge, British Columbia, Canada	General Manager, Hilton Vancouver Airport	June 2016	June 2018	2 years
Chris Gear, British Columbia, Canada	Vice President & General Counsel Canucks Sports & Entertainment	July 2018	—	1 year
Christine Nesbitt, OLY British Columbia, Canada	Master of Arts in Planning (MAP) Student, 2019 UBC School of Community and Regional Planning Olympic Champion, Vancouver 2010 Olympic Silver Medalist, Torino 2006	July 2018	—	1 year

23  
(Special)

### EXECUTIVE OFFICERS

As of December 2018, 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
Andrew Nazareth, British Columbia, Canada	Chief Financial Officer	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

Moray Keith (Committee Chair)	George Duncan
Dennis Skulsky (ex officio)	Walter Soo
Lisa Cowell	Gail Terry
Dan Nomura	

#### AUDIT & FINANCE COMMITTEE

Umeshra Mital (Committee Chair)	George Duncan
Dennis Skulsky (ex officio)	Gary Collinge
Peter German	Tony Kwan



## APPENDIX B – EVENTS

6TH – 7TH KARATE BC TRAINING & SELECTIONS CAMP	3RD HARRY JEROME TRACK AND FIELD INDOOR CLASSIC	3RD – 4TH JUDO PACIFIC INTERNATIONAL	7TH RBC TRAINING GROUND	3RD – 6TH NEXT WAVE HOCKEY TOURNAMENT	2ND – 3RD KARATE CANADA OPEN	6TH – 9TH BADEN CUP VOLLEYBALL TOURNAMENT	5TH FIELD PAINTING WORLD CUP	15TH JOHN DUMONT TOURNAMENT	9TH – 11TH PGA OF BC BUYERS SHOW	3RD – 4TH VANCOUVER DRAGONS HOME GAMES	15TH – 2ND KARATE BC PROVINCIAL CHAMPIONSHIPS
12TH – 15TH BCSRA TRADE SHOW	16TH – 18TH FENCING WORLD CUP	4TH – 8TH WC RUGBY NATIONAL TEAM TRAINING CAMP	5TH – 6TH WC BASKETBALL WOMEN'S NATIONAL CHAMPIONSHIPS	4TH – 6TH DELTA GYMNASTICS CASH & CARRY CUP	8TH OLYMPIC DAY	9TH – 12TH BCSRA	15TH – 17TH TEAM CHINA TRAINING CAMP	8TH HOOPLAW	12TH – 14TH WESTERN MARINE TRADE SHOW	10TH – 11TH BC HANDBALL CUP	8TH VANCOUVER DRAGONS HOME GAMES
16TH – 18TH WC RUGBY NATIONAL TEAM TRAINING CAMP	19TH – 23RD BC HIGH SCHOOL BOYS BASKETBALL LOWER MAINLAND CHAMPIONSHIPS	9TH – 11TH VANCOUVER WHEELCHAIR RUGBY TOURNAMENT	7TH – 6TH RHYTHMIC GYMNASTICS PROVINCIALS	10TH – 13TH • SLEDGE HOCKEY NATIONALS	11TH – 14TH PRE-COMPETITION TRAINING CAMP TEAM CHINA & TEAM CANADA	14TH LTX	18TH KATANA JIU JITSU TOURNAMENT	9TH • FOREVER YOUNG 8K	21ST KARATE BC TRAINING CAMP	23RD PARATOUGH CUP	15TH VANCOUVER DRAGONS HOME GAMES
20TH SPEED SKATING VROOM	20TH – 21ST WC RUGBY NATIONAL TEAM TRAINING CAMP	9TH BC RHYTHMIC ZONE 4 CHAMPIONSHIPS	13TH – 15TH HOCKEY CHE TOURNAMENT	17TH WHEELCHAIR BASKETBALL BC HOOPEST	14TH – 17TH WC RUGBY CANADA CUP	18TH – 23RD VOLLEYBALL CANADA CUP	18TH NOAH YALAZAROFF HOCKEY TOURNAMENT	11TH REHAB EXPO	14TH – 16TH • TAEKWON DO CANADA OPEN	28TH HERO'S CHALLENGE	8TH PANTHER CHEER PINK
20TH PANTHER CHEER PINK LAKE	24TH – 25TH PANTHER CHEER MARDI PARTY	24TH VOLLEYBALL QUEEN VICKI TOURNAMENT	14TH KATANA JIU JITSU TOURNAMENT	17TH – 20TH RHYTHMIC GYMNASTICS CANADIAN CHAMPIONSHIPS	18TH JIU JITSU TOURNAMENT PROVINCIALS	18TH VOLLEYBALL CANADA CUP	18TH NOAH YALAZAROFF HOCKEY TOURNAMENT	14TH – 16TH • TAEKWON DO CANADA OPEN	14TH – 16TH • TAEKWON DO CANADA OPEN	28TH HERO'S CHALLENGE	15TH RICHMOND OVAL INTERCLUB
		24TH – 25TH SLEDGE HOCKEY SPRING TOURNAMENT	20TH – 22ND VOLLEYBALL BC U27/18 PROVINCIALS	19TH – 20TH BC TABLE TENNIS BUTTERFLY OPEN	19TH – 22ND WC RUGBY NATIONAL TEAM TRAINING	19TH – 22ND WC RUGBY CANADA CUP	18TH NOAH YALAZAROFF HOCKEY TOURNAMENT	14TH – 16TH • TAEKWON DO CANADA OPEN	14TH – 16TH • TAEKWON DO CANADA OPEN	28TH HERO'S CHALLENGE	15TH RICHMOND OVAL INTERCLUB
			23RD – 25TH OKCI VANCOUVER OPEN KETTLEBELL SPORT COMPETITION	25TH – 27TH CAN-AM INTERNATIONAL MARTIAL ARTS CHAMPIONSHIP	23RD CANADA QUEST 3X3 TOURNAMENT	23RD CANADA QUEST 3X3 TOURNAMENT	18TH JIU JITSU OHANA TOURNAMENT	14TH – 16TH • TAEKWON DO CANADA OPEN	14TH – 16TH • TAEKWON DO CANADA OPEN	28TH HERO'S CHALLENGE	15TH RICHMOND OVAL INTERCLUB

● **FEATURED EVENTS** - Refer to the events section for more details



## APPENDIX C – AWARDS SINCE OPENING

AWARDING BODY		AWARD
Rick Hansen Foundation		2017 Circle of Excellence Award for Best Practices Towards Universal Access
Where Magazine		A Best New Attraction in Canada Award: the Olympic Experience at the Richmond Olympic Oval
International Olympic Committee, International Association for Sports and Leisure Facilities		IOC/IAKS All Time Award
International Olympic Committee, International Association for Sports and Leisure Facilities		IOC/IAKS Gold Medal
International Paralympic Committee, International Association for Sports and Leisure Facilities		IPC/IAKS Distinction Award
Canadian Interiors, Best in Canada Design Awards		Best of Canada Design Award
CEEC Awards for Engineering Excellence		Merit Award
Royal Architectural Institute of Canada		Award of Excellence for Innovation in Architecture
Vancouver Organizing Committee		Sustainability Star Award
Wood WORKS!		Institutional Wood Design
Institution of Structural Engineers		Sports of Leisure Structures Award
THE SHRAE Technology Awards		Region XI Winner: New Public Assembly Building
Canadian Consulting Engineer Awards		Technical Merit Award
National Council of Structural Engineers Association		Finalist Award of Exceptional Merit in Buildings over \$100 million
The Globe Foundation and the World Green Building Council		Excellence for Green Building Award
VRCA Awards of Excellence		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/CCA 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
VANOC 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

CNCL 44  
(Special)

## APPENDIX D – ATHLETE ACHIEVEMENTS

2010 ARIDO Award	Awards of Merit, Public and Institutional Spaces
2010 REBGV Commercial Building Awards	Legacy Merit Award
ArchDaily Building of the Year 2010	Sports Category Winner
International Property Awards	Best Public Services Development Canada
IOC/IAKS 2011	Gold Medal Award
IPC/IAKS	Distinction Award
2010 CISC "National" Steel Design Award	Best of the Best - Across Canada

VOLLEYBALL	
Volleyball Canada Women's National Team	Silver at the NORCECA Challenge Cup
Volleyball Canada Women's National Team	Swept their Pan American Group Play and advanced to the Semi-Finals. The team also secured a spot at the 2019 Pan Am Games
Meaghan Smith	Volleyball Canada Regional Excellence Program athlete committed to McGill University
Sydney Griffin	Div 1 Gold at Nationals
Cara Kovacs	Div 1 Gold at Nationals
Max Haranga	Div 1 Bronze at Nationals
Rajan Gill	Div 1 Bronze at Nationals
Rhys Matheson	Team BC Select Silver at 2018 Volleyball Canada Cup
Ted Gravson	Team BC Select Silver at 2018 Volleyball Canada Cup
Hanna Kolof	Team BC Select Gold at 2018 Volleyball Canada Cup
Grant O'Gorman and Ben Saxton	Bronze medal at the NORCECA Beach tour final
Kiera Van Ryk	Volleyball Canada's WNT athlete named as the Canada West athlete of the month for November

TABLE TENNIS	
Edison Huang	Canada Cup #12 Champion for U18 Male
	Canada Cup #1 5th place Men's Single
Tiffany Liu	Canada Cup #2 3rd place for U18 Female
David Mandelstam	Canada Cup #2 Champion for U12 Male
Benita Zhou	Canada Cup #2 5th place for Women's Single
	Canada Cup #1 4th place Women's Single
Cindy Wang	Canada Cup #2 3rd place for Women's Single
	Canada Cup #1 1st place Women's Single

PARA-TABLE TENNIS	
Peter Isherwood	Canada Cup #1 1st in Para 1-2 Ranked 54th internationally
Stephanie Chan	Canada Cup #1 4th in Para 6-10

SPEED SKATING	
Lain-Vi Nguyen	Western T2T 2nd BC Winter Games U14 Girls 2nd overall and 3rd (x3)
Lukas MacDonald	BC Winter Games 2nd (x4) Qualified for ST Canada Cup, Jr National Selection and 2019 Canada Winter Games
Giang-Vi Nguyen	BC Winter Games U16 Team 300m Relay 3rd
Chris Poljer-So	Qualified for ST Canada Cup
Nam Nguyen	Richmond Sport Council Adult Male Master athlete of the year

SOFTBALL	
Jenni Sailing & Larissa Franklin	Canada Cup International Softball Championship: defeated Canada Elite B
Hanna Finkelstein	Full ride scholarship to LIU Post New York; transferring to SFU for 2019-2020 season



## FIELD HOCKEY

Field Hockey Canada Women's National Team

Won test series against USA in Chula Vista California with a 2-1-1 record  
Commonwealth Games 5th place  
Hockey Series Open: undefeated

Alexis De Armond 6-Nations Tournament Best Female Player

## ICE HOCKEY

Emma Hall (Greater Vancouver Comets)

Committed to UBC Women's Hockey Team starting Fall 2018

Hannah Green (Greater Vancouver Comets)

Committed to UNB USports starting Fall 2018

Trevor Wong (Greater Vancouver Comets)

Signs with WHL Kelowna Rockets

Sammy May (Greater Vancouver Canadians)

Signs WHL Saskatoon Blades

Garret Wicks (Greater Vancouver Canadians)

Played his first Affiliate player game with BCHL Coquitlam Express

Jenn Gardiner

Selected to play in the IIHF U18 Women's World Championship for Team Canada (Gold)

## JUDO

Ben Barker (Cheveston Judo)

Elite National (U18) 90kg Gold

Canadian Championship U18 National Champion

Judo BC U18 Male Athlete of the Year

Canada Cup U18 Gold and U21 Gold

Pan American Championships U18 Gold and U21 Bronze

Gregory Kuramoto (Cheveston Judo)

Canadian Championship U18 Silver

Canada Cup U18 Bronze

Canadian Championship Sr Men Silver

Tavis Jamieson

## OTHER SPORTS

Judo Kyorugi

Named to the Men's Canadian Junior Team to attend the Junior World Championships racing in Men's Canoe

Pacific Wave Synchronized Team

8th at Canadian Synchronized Swimming Championships

Kara Kalin (Pacific Wave Synchronized Team)

Named the Coach of the Year for the Richmond Sports Award

Nancy Liu (Pacific Wave Synchronized Team)

Richmond Sports Award Top Youth Female of the year

Victoria Leung

BC Athletics Junior Development Track and Field Championship 2018:

• Triple jump 9.33m ranked 2nd in the province

• Long jump 4.45m ranked 6th in the province

• 200m sprint 25.06s ranked 13th in the province

• First runner in the medley relay (200m, 200m, 200m, 600m) came first in the U13 girls age group

Kelly Hellman

1st place at the NCU Invitational

Asahi Baseball (individual athletes)


Gold at provincials; played in tournaments in New York and Japan

Avery Froh

Won Western Canadian Regional Olympics for Girls U12

David Li (Connaught Figure Skating)

Won Silver at the Pre-novice Canadian Championship (Skate Canada Challenge Event)

 = Richmond Residence

## APPENDIX E – HP FACILITY AND SERVICE USER GROUPS

## NATIONAL, PROVINCIAL AND LOCAL SPORT ASSOCIATIONS OR CLUBS USERS

Aster Volleyball Club

Air Attack Volleyball Club

Canadian Wheelchair Sports Association – Wheelchair Rugby

Field Hockey Canada

Hockey Canada

Special Olympics BC

Speed Skating Canada

Table Tennis Canada

Volleyball Canada

BC Hockey

BC Rugby Union

BC Speed Skating Association

BC Wheelchair Basketball Society

BC Wheelchair Sports Association

BC Table Tennis Association

BC Hockey League

BC Para Nordic Camp

Bobsleigh BC

Cycling BC

Canadian Chinese Table Tennis Federation

Judo BC

Squash BC

Synchro BC

Volleyball BC

Asahi Baseball

Fusion Football Club

Greater Vancouver Canadians

Kajaks Track and Field

Karate BC

Kerrisdale Little League

Pacific Storm Water Polo Club

Pacific Wave

Richmond Minor Hockey Association

Richmond Rockets

Richmond South Delta Ball Hockey Association

Seafair Minor Hockey

Seabirds Hockey

Softball Canada

University of BC Kinesiology Program

UBC Thunderbird Rowing

Vancouver Angels

Vancouver Community Baseball

Vancouver FC

Vancouver Thunderbirds

Vancouver Warbirds

Vancouver Huskies Athletic Performance Institute

Sport Climbing BC Training Camp

Indigenous Sport Leadership

Premier Golf Academy

Eric Hamber Secondary

Canadian Youth Sports Alliance

Connaught Figure Skating Club

St. Georges School

## HP TRAINING CAMPS AND CLINICS

BC Rugby Training Camp

Cycling BC

OKI Workshop

Maria Mountain Goalie Camp

GYC Testing Camp

Somatic Senses – DWS

FHC Women's Jr Squad Training Camps

Sport Climbing BC Training Camp

Squash BC Training Camp

Volleyball BC Training Camp

BC Para Nordic Camp

Sledge Hockey BC

Special Olympic BC

Karate BC

## APPENDIX F – 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, 2018 relative to the year ended December 31, 2017.

This management’s discussion and analysis should be read in conjunction with the Corporation’s audited financial statements for the year ended December 31, 2018 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, 2008 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 business and services for the Richmond community, neighbouring communities and the general public; c) the Oval will provide facilities for 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.

### OVERVIEW OF PERFORMANCE REVENUE

#### Revenue

2018 revenue from memberships, admissions and programs totalled \$8,346,000 (2017 - \$8,100,000). In 2018 revenue from these sources of \$1,041,000 was deferred to fiscal 2019 (2017 - \$1,064,000) was deferred to 2018.

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 \$2,895,000 during the year which was recognized as revenue earned in the year (2017 - \$2,805,000).

The Corporation received a contribution of \$3,451,000 from the City in 2018 (2017 - \$3,377,000).

Other revenue of \$2,155,000 was recognized in 2018 (2017 - \$2,253,000) and mainly consisted of parking, leasing, sponsorship and capital funding revenue.

#### Expenses

During 2018, expenses were incurred for the following:

- Salaries and benefits of \$8,919,000 (2017 - \$8,916,000). There were approximately 70 full-time, and 230 part-time employees on the payroll as of December 31, 2018; (2017 - 70 full-time and 260 part-time employees);
- Other operating expenses incurred in 2018 totalled \$6,505,000 (2017 - \$6,416,000) and mainly included the following:
  - Facility operations of the Oval including the heat, light and power, the ice-making equipment and building maintenance;
  - Amortization costs of tangible capital assets;
  - Property and liability insurance;
  - Costs associated with running the Oval high performance, fitness and other programs;
  - 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;
  - Costs related to marketing the Oval programs and rentals of facilities;
  - Sport Hosting department related expenditures; and
  - Professional fees mainly related to legal and accounting fees;
- The annual surplus for 2018 was \$1,428,000 (2017 - \$1,202,000). The total accumulated surplus as of December 31, 2018 is \$17,529,000 (2017 - \$16,101,000). Please refer to note 9 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, 2018.

	2018	2017
Financial Assets	\$13,456	\$12,248
Liabilities	8,037	8,227
Net Financial assets	\$5,419	\$4,021
Non-Financial assets	\$12,110	\$12,080
Accumulated surplus	\$17,529	\$16,101

#### Financial Assets

The Corporation has a cash balance of \$854,000 at year end (2017 - \$310,000). The investments balance is \$11,810,000 (2017 - \$10,576,000). The investments represent the Corporation’s investments held in term deposits. The accounts receivable aggregating \$569,000 (2017 - \$907,000) resulted primarily from sponsorship fees, sales of memberships, admissions, programs, rentals and special events. The amount due from the City of \$86,000 (2017 - \$251,000) arises in the normal course of operations. Inventories held for resale of 136,000 (2017 - 204,000) primarily consists of merchandise and products to be sold.

#### Liabilities

Accounts payable and accrued liabilities of \$1,709,000 (2017 - \$1,703,000) include payroll accruals, trade payables for heat, light, power, legal and audit fees, and GST payable. Deferred revenue of \$6,319,000 (2017 - \$6,515,000) 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 2018 for membership and programs to be delivered in 2019. A rental deposit of \$9,000 (2017 - \$9,000) is held as of the end of the year.

#### Non-Financial Assets

As at December 31, 2018, the Corporation had a cost basis of \$19,239,000 (2017 - \$17,563,000) 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 \$1,707,000 (2017 - \$1,513,000). Accumulated amortization of the capital assets amounted to \$17,620,000 (2017 - \$5,914,000) at year end.

Deferred lease costs of \$51,000 (2017 - \$76,000) are direct costs incurred in connection with leases and are deferred and amortized over the terms of the lease.

Prepaid expenses of \$441,000 (2017 - \$355,000) 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 \$6,323,000 (2017 - \$4,749,000), other reserves/provisions is \$1,357,000 (2017 - \$1,684,000), accumulated operating surplus is \$592,000 (2017 - \$546,000), and the amount invested in tangible capital assets is \$9,256,000 (2017 - \$9,122,000) for a total accumulated surplus balance of \$17,529,000 (2017 - \$16,101,000).

### LIQUIDITY AND CAPITAL RESOURCES

#### Operating

Cash provided by operations in the year amounted to \$3,454,000 (2017 - \$2,842,000).

#### Capital Activities

The Corporation purchased capital assets consisting primarily of the sport and fitness, building improvement, information technology, facility equipment and infrastructure and assets relating to the Richmond Olympic Experience project totalling \$1,676,000 (2017 - \$1,523,000).

#### Related Party Transactions

The Corporation is a municipal corporation wholly-owned by the City. Note 11 to the financial statements discloses related party transactions.





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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, 2018
- 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, 2018, 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.

Financial Statements of

**RICHMOND OLYMPIC  
OVAL CORPORATION**  
(Special)

Year ended December 31, 2018

### 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 18, 2019

# **RICHMOND OLYMPIC OVAL CORPORATION**

Statement of Financial Position


December 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial Assets</b>		
Cash	\$ 854,440	\$ 309,846
Investments (note 3)	11,809,612	10,576,342
Accounts receivable	569,423	907,140
Due from City of Richmond (note 4)	85,985	250,737
Inventories held for resale	136,355	203,762
	<u>13,455,825</u>	<u>12,247,847</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,708,638	1,702,855
Deferred revenue (note 6)	6,318,796	6,514,601
Rental deposits	9,263	9,263
	<u>8,036,697</u>	<u>8,226,719</u>
Net financial assets	5,419,128	4,021,128
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	11,618,088	11,648,902
Deferred lease costs (note 8)	50,762	76,412
Prepaid expenses and other deposits	440,792	354,712
	<u>12,109,642</u>	<u>12,080,026</u>
Economic dependence (note 13)		
Accumulated surplus (note 9)	<u>\$ 17,528,770</u>	<u>\$ 16,101,154</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

# **RICHMOND OLYMPIC OVAL CORPORATION**

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget	2018	2017
	(Note 2(h))		
<b>Revenue:</b>			
2010 Games Operating Trust Fund (note 5)	\$ 2,900,000	\$ 2,899,454	\$ 2,804,671
Contribution from City of Richmond (note 11(a))	3,451,446	3,451,446	3,377,146
Memberships, admissions and programs	8,347,591	8,345,640	8,099,678
Other	2,110,345	2,154,598	2,252,637
	<u>16,809,382</u>	<u>16,851,138</u>	<u>16,534,132</u>
<b>Expenses:</b>			
Salaries and benefits	9,298,717	8,918,535	8,916,249
Utilities	1,052,316	1,055,289	1,050,194
Amortization	1,800,000	1,706,527	1,513,281
Supplies and equipment	1,001,379	959,879	930,883
Insurance	338,486	320,079	342,203
General and administration	976,058	778,661	905,986
Marketing	337,694	249,210	283,826
Program services	1,265,203	1,341,239	1,300,871
Professional fees	156,090	94,103	88,209
	<u>16,225,943</u>	<u>15,423,522</u>	<u>15,331,702</u>
Annual surplus	583,439	1,427,616	1,202,430
Accumulated surplus, beginning of year	16,101,154	16,101,154	14,898,724
Accumulated surplus, end of year	<u>\$ 16,684,593</u>	<u>\$ 17,528,770</u>	<u>\$ 16,101,154</u>

See accompanying notes to financial statements.

# **RICHMOND OLYMPIC OVAL CORPORATION**

Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget (Note 2(h))	2018	2017
Annual surplus for the year	\$ 583,439	\$ 1,427,616	\$ 1,202,430
Acquisition/transfer of tangible capital assets	(1,361,190)	(1,675,713)	(1,483,002)
Amortization of tangible capital assets	1,800,000	1,706,527	1,513,281
	438,810	30,814	30,279
Amortization of deferred lease costs	-	25,650	25,650
Increase in prepaid expenses and other deposits	-	(654,008)	(489,944)
Use of prepaid expenses and other deposits	-	567,928	519,713
Change in net financial assets	1,022,249	1,398,000	1,318,528
Net financial assets, beginning of year	4,021,128	4,021,128	2,702,600
Net financial assets, end of year	\$ 5,043,377	\$ 5,419,128	\$ 4,021,128

See accompanying notes to financial statements.

**CNCL - 50  
(Special)**

# **RICHMOND OLYMPIC OVAL CORPORATION**

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,427,616	\$ 1,202,430
Items not involving cash:		
Amortization of tangible capital assets	1,706,527	1,513,281
Amortization of deferred lease costs	25,650	25,650
Net transfers of tangible capital assets	-	39,754
Changes in non-cash operating working capital:		
Accounts receivable	337,717	(341,997)
Due from City of Richmond	164,742	(239,433)
Inventories held for resale	67,427	(98,670)
Prepaid expenses and other deposits	(86,080)	60,169
Accounts payable and accrued liabilities	5,783	(25,028)
Deferred revenue	(195,805)	695,649
	3,453,577	2,841,805
Capital activities:		
Acquisition/transfer of tangible capital assets	(1,675,713)	(1,522,756)
Investing activities:		
Net purchase of investments	(1,233,270)	(1,874,492)
Increase (decrease) in cash	544,594	(555,443)
Cash, beginning of year	309,846	865,289
Cash, end of year	\$ 854,440	\$ 309,846

See accompanying notes to financial statements.



## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 2. Incorporation and nature of business:

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

### 2. Significant accounting policies:

#### (a) Basis of presentation:

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

The comparative information includes the accounts of all the funds of the Corporation and the Corporation's 50% proportionate share of the operations of VROX Sport Simulation Ltd. ("VROX"), previously a government partnership. As at December 31, 2017, VROX transferred all its assets and liabilities to the Corporation.

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

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

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

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

#### (iii) Deferred lease costs:

The initial direct costs incurred in connection with leases of rental properties in the Oval are deferred and amortized over the initial term of the leases. Such costs include agent commissions, legal fees, and costs of negotiating the leases.

#### (e) Pension plan:

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

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

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

(f) Income taxes:

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

(g) Functional and object reporting:

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

(h) Budget data:

The budget data presented in these financial statements is based upon the 2018 budget approved by the Board of Directors on January 31, 2018.

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

(j) Government transfers:

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

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Investments:

Investments represent term deposits as follows:

Purchase Date	Maturity Date	2018	2017
July 17, 2018	January 14, 2019	\$ 2,899,454	\$ -
August 20, 2018	February 18, 2019	878,855	-
October 2, 2018	April 1, 2019	3,179,844	-
October 31, 2018	October 31, 2019	1,721,445	-
November 5, 2018	November 5, 2019	2,480,014	-
December 20, 2018	June 18, 2019	650,000	-
July 4, 2017	January 5, 2018	-	1,000,000
July 10, 2017	January 5, 2018	-	3,640,899
August 22, 2017	February 19, 2018	-	1,841,571
October 2, 2017	October 2, 2018	-	4,093,872
		<b>\$ 11,809,612</b>	<b>\$ 10,576,342</b>

The interest rate of the term deposits range from 2.40% to 3.00% (2017- 1.60% to 2.10%).

### 4. Due from City of Richmond:

The amounts due from City of Richmond arise in the normal course of business and are 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, an irrevocable trust was created known as the 2010 Games Operating Trust Society (the "Society") became the trustee of the Fund. The purpose of the Fund is to fund operating expenses and capital maintenance costs of certain facilities created for the Games, specifically the Oval and the Whistler Sliding Centre and Nordic Centre, and to assist with the continued development of amateur sport in Canada. Subsequent to the formation of the GOT, the City, as owner of the Oval, became a beneficiary of the GOT and became responsible for complying with obligations set by the Society and GOT in order to receive funding.



# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements (continued)

Year ended December 31, 2018

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

Effective December 31, 2007:

(a) the Society Board divided the Fund into three funds: the Speed Skating Oval Fund; the Whistler Sliding Centre and Nordic Centre Fund; and the Contingency Fund; and

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

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

Funds from GOT are paid to the City first and the City distributes the funds to the Corporation.

Revenue from GOT is comprised of:

	2018	2017
2017 annual distributable amount approved and received in 2018	\$ 2,899,454	\$ -
2016 annual distributable amount approved and received in 2017	-	2,804,671
	<b>\$ 2,899,454</b>	<b>\$ 2,804,671</b>

## **6. Deferred revenue:**

	2018	2017
Balance, beginning of year	\$ 6,514,601	\$ 5,818,952
Add: additions	10,304,433	11,047,964
Less: revenue recognized	(10,500,238)	(10,352,315)
Balance, end of year	<b>\$ 6,318,796</b>	<b>\$ 6,514,601</b>

Deferred revenue comprises of:

	2018	2017
Memberships and programs	\$ 1,040,617	\$ 1,064,226
Sponsorship fees	614,666	1,123,000
Sport Hosting funding (note 11(b))	430,407	382,189
Richmond Olympic Experience (note 11(b))	4,233,106	3,945,186
	<b>\$ 6,318,796</b>	<b>\$ 6,514,601</b>

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Financial Statements (continued)

Year ended December 31, 2018

## **7. Tangible capital assets:**

	Balance, December 31, 2017	Additions	Balance, December 31, 2018
Athletic equipment	\$ 2,610,259	\$ 303,211	\$ 2,913,470
Building improvements	1,287,996	686,174	1,974,170
Computer software and equipment	2,347,327	213,743	2,561,070
Facility equipment	989,394	141,460	1,130,854
Infrastructure	5,880,940	-	5,880,940
Signage	132,107	-	132,107
Simulators and exhibit fabrication	3,824,386	6,319	3,830,705
Tenant improvements	65,729	-	65,729
Uniforms, ice skates, and helmets	265,688	44,101	309,789
Work-in-progress	158,963	280,705	439,668
	<b>\$ 17,562,789</b>	<b>\$ 1,675,713</b>	<b>\$ 19,238,502</b>

	Balance, December 31, 2017	Amortization expense	Balance, December 31, 2018
Athletic equipment	\$ 1,446,640	\$ 260,279	\$ 1,706,919
Building improvements	345,937	331,948	677,885
Computer software and equipment	2,012,818	304,675	2,317,493
Facility equipment	711,624	208,896	920,520
Infrastructure	315,953	147,023	462,976
Signage	87,749	21,822	109,571
Simulators and exhibit fabrication	747,382	382,816	1,130,198
Tenant improvements	52,823	9,750	62,573
Uniforms, ice skates, and helmets	192,961	39,318	232,279
	<b>\$ 5,913,887</b>	<b>\$ 1,706,527</b>	<b>\$ 7,620,414</b>

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 7. Tangible capital assets (continued):

	2018	2017
	Net book value	Net book value
Athletic equipment	\$ 1,206,551	\$ 1,163,619
Building improvements	1,296,285	942,059
Computer software and equipment	243,577	334,509
Facility equipment	210,334	277,770
Infrastructure	5,417,964	5,564,987
Signage	22,536	44,358
Simulators and exhibit fabrication	2,700,507	3,077,004
Tenant improvements	3,156	12,906
Uniforms, ice skates, and helmets	77,510	72,727
Work-in-progress	439,668	158,963
	<b>\$ 11,618,088</b>	<b>\$ 11,648,902</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 (2017 - nil).

## 8. Deferred lease costs:

	2018	2017
Balance, beginning of year	\$ 76,412	\$ 102,062
Less amortization	(25,650)	(25,650)
Balance, end of year	<b>\$ 50,762</b>	<b>\$ 76,412</b>

## 9. Accumulated surplus:

Accumulated surplus is comprised of:

	2018	2017
Share capital	\$ 1	\$ 1
Capital reserve	6,323,413	4,749,421
Other reserves/provisions	1,357,010	1,683,596
Operating surplus	592,476	546,350
Invested in tangible capital assets	9,255,870	9,121,786
	<b>\$ 17,528,770</b>	<b>\$ 16,101,154</b>

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

## 10. Financial risk management:

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

### (a) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of account receivables. 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.

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 11. Related party transactions:

#### (a) City of Richmond:

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

In 2018, \$191,690 (2017 - \$204,451) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

In 2018, \$57,581 (2017 - \$104,185) of salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed.

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

During 2018, the Corporation received a contribution from the City of \$3,451,446 (2017 - \$3,377,146).

#### (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 2018, \$433,333 (2017 - \$100,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2018, \$430,407 (2017 - \$382,189) has been included in deferred revenue (note 6) and \$385,117 (2017 - \$334,197) was recognized in memberships, admissions, and programs on the statement of operations.

The Corporation also received \$452,816 from the hotel tax funding in 2018 (2017 - \$1,418,070) to be used to purchase tangible capital assets related to the Richmond Olympic Experience project. In order to retain this funding, 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, \$4,233,106 (2017 - \$3,945,186) 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.

## RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 12. Pension plan:

The Corporation and its employees contribute to the Plan, a jointly trustee pension plan. The Plan's 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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit. The most recent valuation for the Plan as of December 31, 2015, indicated a \$2,224,000,000 funding surplus for basic pension benefits on a going concern basis. The Corporation paid \$470,176 (2017 - \$506,170) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019. 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.

### 13. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT and the City.

### 14. Contractual rights:

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

2019	\$ 660,699
2020	418,432
2021	146,000

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

**APPENDIX F**

**RICHMOND OLYMPIC OVAL CORPORATION**

**2018 Schedule of Board Remuneration and Expenses**

**RICHMOND OLYMPIC OVAL CORPORATION**  
**SCHEDULE OF REMUNERATION AND EXPENSES - 2018**  
**Schedule 1 - Board of Directors**

NAME		BASE SALARY	BENEFITS	EXPENSES
Skulsky, Dennis	Chair	10,107	-	1,091
Duncan, George	Director	-	-	1,330
O'Brien, Michael	Director	2,576	-	-
Keith, Moray B.	Director	2,466	-	-
Mital, Umendra	Director	4,826	-	1,132
German, Peter	Director	3,485	-	829
Cowell, Lisa	Director	2,466	-	1,044
Soo, Walter	Director	3,485	-	1,004
Kwan, Tony	Director	3,860	-	-
Terry, Gail	Director	2,788	-	1,071
Nomura, Dan	Director	3,538	-	988
Collinge, Gary	Director	3,860	-	1,044
Gear, Chris	Director	1,125	-	1,072
Nesbitt, Christine	Director	1,125	-	1,012
<b>Number of Board Members</b>	<b>14</b>	<b>45,707</b>	<b>-</b>	<b>11,615</b>



**To:** Mayor and Councillors ("the Shareholder")

**Date:** May 22, 2019

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

**File:** 10-6600-10-01/2019-Vol 01

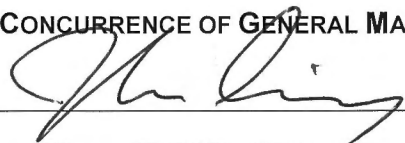

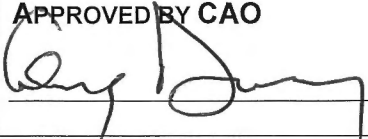
**Re:** 2019 Annual General Meeting Resolution of the Lulu Island Energy Company

**Staff Recommendation**

That the unanimous consent resolutions of the shareholder in Attachment 1 of the Lulu Island Energy Company report dated May 1, 2019, be endorsed.

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

Att. 1

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY SMT	INITIALS: 
APPROVED BY CAO 	





6911 NO. 3 ROAD  
RICHMOND, BC V6Y 2C1

## Report

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**DATE:** May 1, 2019

**TO:** Board of Directors

**FROM:** Alen Postolka, P.Eng., Manager, District Energy

**Re:** **2019 Annual General Meeting Resolution 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 in Attachment 1 of the staff report dated May 1, 2019 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  
George Duncan – Special Advisor
4. the Lulu Island Energy Company 2018 Annual Report (Attachment 4) be approved and presented to the shareholder at the Special Council Meeting on June 24, 2019.

### 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 require that the Board appoint an auditor and officers of the LIEC, and that the LIEC holds an annual information meeting open to the public, at which the LIEC will present the audited financial statements for the previous fiscal year approved by the Board on April 18, 2019.

This report presents resolutions for 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. 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 and quality of service.

## **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 LIEC articles of incorporation. The details of these requirements are included in Attachments 2 and 3.

2018 LIEC Annual Report (Attachment 4) is presented to the Board for their approval. In summary, LIEC financial statements show positive financial results and good financial health of the company. The International District Energy Association recognized the City of Richmond's Council for its leadership on district energy with the Public Sector Leadership Award. The Association of Energy Engineers Innovative Energy Project of the Year Award recognized LIEC's innovative solution for servicing large format retail stores with low carbon district energy services.

Overall, by the end of 2018, over 3.5 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 the LIEC articles of corporation and Business Corporation Act and it is recommended that they be approved.



Helen Zhao, CPA, CA  
Controller  
Lulu Island Energy Company  
(604-276-4053)

- Att. 1: Unanimous Consent Resolutions of the Shareholder of LIEC (REDMS#6174038)
- Att. 2: Notice of Appointment of Auditor (REDMS#6174040)
- Att. 3: Consent Resolution of the Directors of LIEC – Appointment of Officers  
(REDMS#6174041)
- Att. 4: LIEC 2018 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, 2018, 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:  
  
 John David Irving  
 Jerry Ming Chong  
 Cecilia Maria Achiam  
 Joseph Erceg  
 Andrew Nazareth  
 Kirk Taylor
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. \_\_\_\_\_ is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of \_\_\_\_\_.

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 \_\_\_\_\_.

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	CEO
Jerry Ming Chong	Chair and CFO
Cecilia Maria Achiam	Vice Chair and Corporate Secretary
George Duncan	Special Advisor

**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 \_\_\_\_\_.

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

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

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

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

\_\_\_\_\_  
ANDREW NAZARETH

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

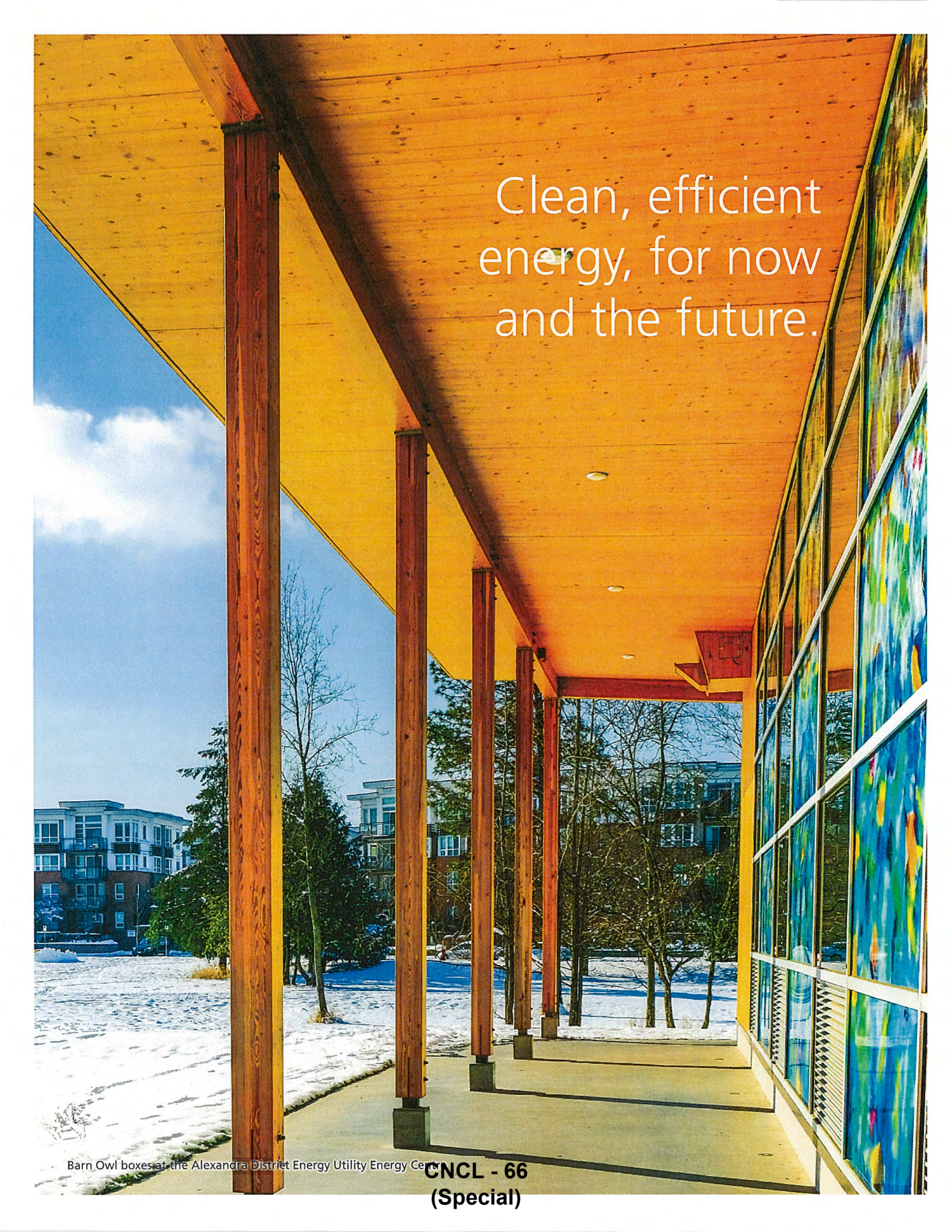




2018 | Annual Report

CNCL - 65  
(Special)





Clean, efficient  
energy, for now  
and the future.

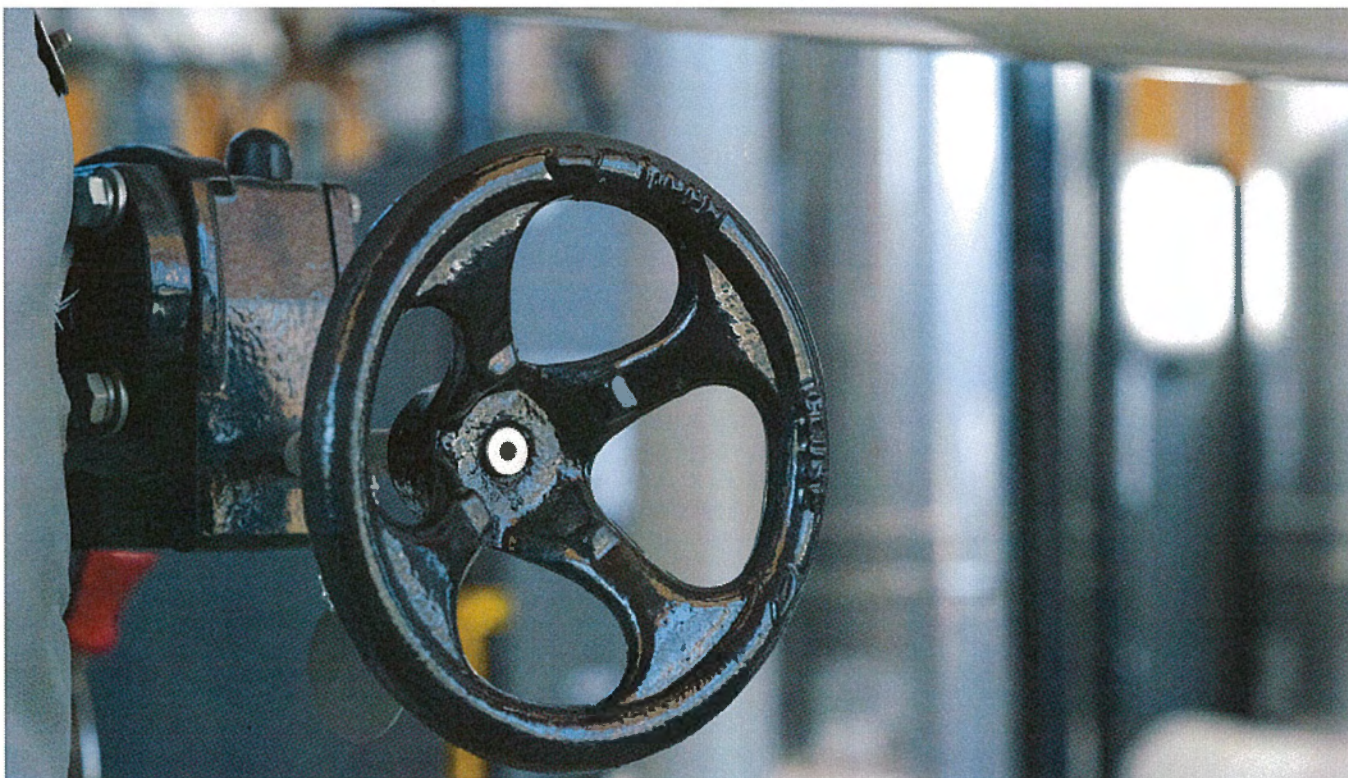
Barn Owl boxes at the Alexandra District Energy Utility Energy Center

**CNCL - 66**  
**(Special)**



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Equipment inside the Alexandra District Energy Utility Energy Centre



## ■ MESSAGE FROM THE BOARD CHAIR

The Lulu Island Energy Company (LIEC) continues to deliver on the City of Richmond's vision to become a sustainable, low carbon community. Of note in 2018, the company continued to expand the Alexandra and Oval Village District Energy Utilities, and introduced a new service area in Richmond's City Centre. Residents in the City Centre area will now be able to receive their energy services from low carbon energy sources at competitive prices. All of these important changes are summarized in this year's annual report.

2018'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 2018 Annual Report to our shareholder, the City of Richmond, as a record of the company's financial performance and customer service excellence.

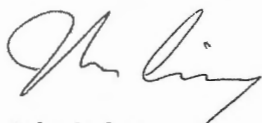
A handwritten signature in black ink, appearing to read 'R. Gonzalez', enclosed within a simple oval outline.

**Robert Gonzalez**  
*Chair, Lulu Island Energy Company*

## ■ MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In 2018, the Oval Village District Energy Utility (OVDEU) service area was expanded to include 3 new developments. The Alexandra District Energy Utility (ADEU) distribution pipes were extended to be able to service new buildings in the West Cambie neighborhood, and the design of two new geo-exchange fields to secure the availability of a low carbon energy source to service future customers was completed. The International District Energy Association recognized the City of Richmond's Council for its leadership on district energy with the Public Sector Leadership Award. The Association of Energy Engineers Innovative Energy Project of the Year Award recognized LIEC's innovative solution for servicing large format retail stores with low carbon district energy services.

In 2018, six developments amounting to approximately 4.29 Million square feet, a 150% growth in connected space, were incorporated into the service area and will be serviced by low carbon energy systems in the coming years. I am pleased to report that the Lulu Island Energy Company 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 2018 and its excellent financial standing.



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







The Alexandra District Energy Utility distribution network used to deliver energy to customer's homes

CNCL 70  
(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. At December 31, 2018, LIEC had tangible capital assets of \$32,360,749 relating to the development of the Alexandra and Oval Village District Energy Utilities. For the year ended December 31, 2018, LIEC had revenues of \$4,611,087 related to meter billing fees, service fees, connection fees, and energy model review fees, and total expenses of \$3,120,455.

### Did you know?

LIEC delivers thermal energy services which include heating and cooling directly to customer's homes.

LIEC does not generate or distribute electricity used for household appliances and equipment.



Oval Village District Energy Utility Interim Energy Centre  
Public art feature: *Underwater* (2017) by Andrea Sirois

## ■ SPOTLIGHT ON 2018: PROGRESS REPORT

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

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 to design, construct, finance, operate and maintain the system. In 2018, the OVDEU service area was expanded to include three new developments, increasing the expected full build-out to include 23 connections. As of 2018, the OVDEU provided energy services to eight buildings in the Oval Village through energy generated at two interim energy centres. These energy centres provide 11MW of heating capacity, and provided a reliability of 99.8% in 2018. These facilities will be in operation until there are enough buildings connected to the system to justify the costs of constructing a major energy plant that is envisioned to extract renewable thermal energy from the Gilbert Trunk sanitary force main sewer. Similar technologies are in operation today in the City of Richmond's Gateway Theatre, Vancouver's Neighbourhood Energy Utility, and in cities throughout Europe.

### **Alexandra District Energy Utility (ADEU) New Infrastructure**

ADEU currently provides energy to nine buildings (five multi-unit residential buildings, the Jamatkhana Temple, the Central at Garden City (two large commercial buildings), and Richmond's Fire Hall No. 3) connecting over 1,400 residential units and over 300,000 sq. ft. of non-residential floor area (1.6 million sq. ft. total). In 2018, the ADEU system's distribution pipes were extended along McKim Way to be able to service new developments, and design was completed for two new geo-exchange fields to ensure the system will be able to provide the same share of renewable energy to future customers. As of December 31, 2018, the ADEU system delivered 23,687 MWh of energy to customers for space heating, cooling and domestic hot water heating. While some electricity is consumed for pumping and equipment operations, almost 100% of this energy was produced locally from the geo-exchange fields located in the greenway corridor and West Cambie Park. The backup and peaking natural gas boilers and cooling towers in the energy centre have operated only for a few days throughout the system's operation to date.

### **District Energy in the City Centre Area**

In 2017, through an open procurement process, LIEC partnered with a lead proponent to develop a feasibility plan to design, build, finance and operate a district energy utility within the City Centre area. While the City Centre DEU (CCDEU) due diligence process has progressed, LIEC has introduced a servicing strategy to expand LIEC's customer base while enabling 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 to the City or LIEC so that LIEC can provide immediate heating, cooling, and domestic hot water heating service to these customers. LIEC and City staff



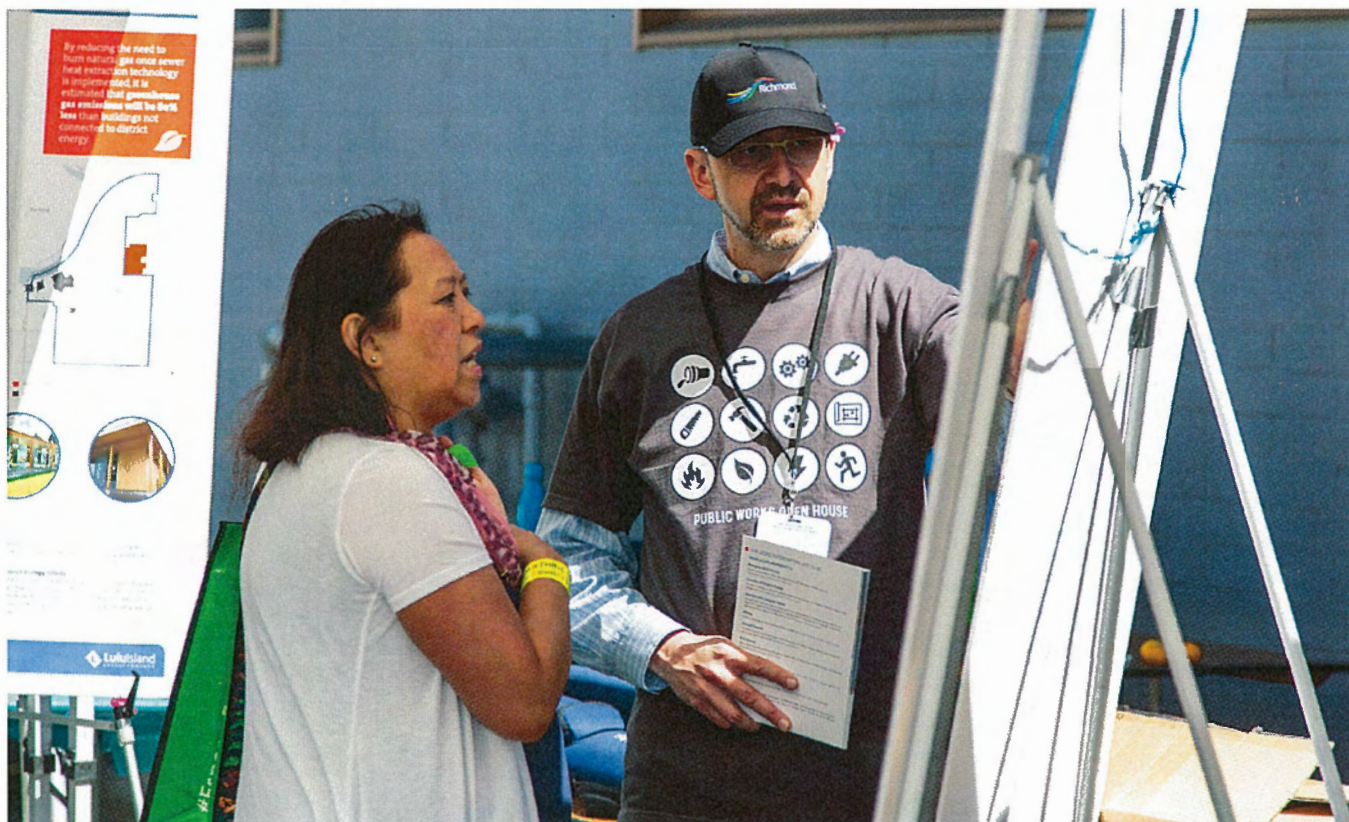
collaborated to develop the City Centre DEU Bylaw No. 9895, which Council adopted in September 2018. In 2018, six developments have been incorporated into the Bylaw No. 9895 service area, amounting to approximately 4.29 million sq. ft. The majority of this space is residential use, with some commercial and retail components as well.

### Ongoing Communications to Customers and Richmond Residents

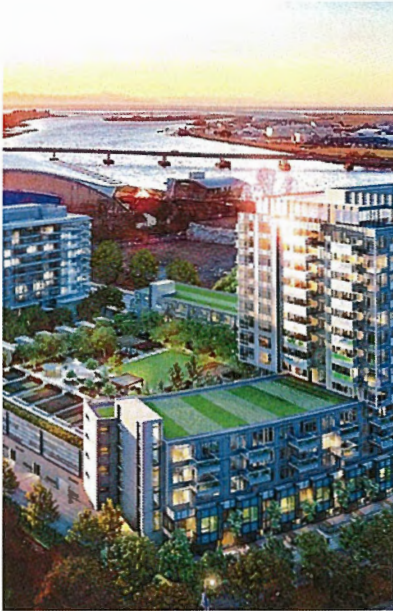
LIEC continues to distribute communication materials to residents and new customers in Richmond to create awareness about its energy utility services. Buyers of new condominium apartments serviced by LIEC in the Oval Village and Alexandra service areas received information packages about rate structures and services. Furthermore, LIEC put efforts in developing and maintaining updated information on websites; and web content and videos support LIEC's public engagement goals. In 2018, the company had a major presence at Richmond's well attended annual Public Works Open House. At LIEC's booth, residents were invited to take a photo with Ali the Barn Owl, LIEC's mascot, to share what they are doing to address climate change.



To learn more about the Barn Owl please visit LIEC's website at [www.luluislandenergy.ca](http://www.luluislandenergy.ca)



LIEC at the 2018 Public Works Open House



The River Park Place 2 development will be connected to the Oval Village District Energy Utility in 2019, providing 298 residential units with domestic hot water and heating services

## LOOKING FORWARD IN 2019: WORK PLAN

### Ongoing Development in the Oval Village Area

Rapid development activity continues in the Oval Village within and adjacent to the DEU service area. For this reason, LIEC intends to continue to monitor development activity and potentially bring forward to Richmond City Council recommendations for a broader expansion of the service area. This move will provide certainty to new developers about the City's expectations for connecting to OVDEU. In 2018, the service area was expanded to include three new properties which will now connect to the system. LIEC and Corix work hard to meet the needs of the OVDEU's customers. By leveraging expertise in design, construction and operation of district energy utilities, the OVDEU team 2019 will ensure the delivery of 2019 expansion projects on time, while continuing to provide resilient and reliable energy services to our customers.

	Anticipated Occupancy
River Park Place 2	2019
Cascade City	2020
Lot 12	2020
Riva – Building 4	2021
Riva – Building 5/6	2021

### Alexandra District Energy Utility Expansion

After rapid growth in 2018, expansion and development in the West Cambie Neighbourhood continues. Four new buildings are connecting to ADEU in 2019. These new developments will increase the connected floor by over 600,000 sq. ft., bringing the total serviced area to 2.3 million sq. ft. and 13 connected buildings. Efficient planning allowed for the prior installation of the distribution piping for these buildings, so these new connections will be completed with no impact to the public roadways. Additionally, preliminary infrastructure will be installed under the Alexandra Park in 2019 to ensure the ADEU infrastructure is able to meet the needs of the multiple new developments which are scheduled for completion in 2019 and beyond.

	Anticipated Occupancy
Trafalgar Square	2019
Spark	2019
Westmark	2019
Berkeley House	2020
Spark Alexandra	2021
4008 Stolberg St	2022



## New District Energy Services in City Centre

In addition to advancing the CCDEU due diligence activities with the preferred proponent, LIEC staff plans to expand the City Centre DEU Bylaw No. 9895 service area to incorporate and secure additional upcoming developments. LIEC staff will work closely with the developments providing onsite energy plants to ensure the plants are designed and constructed to meet high quality standards. It is anticipated that construction of the first developments under this servicing strategy will begin in 2020.



New distribution piping being installed in the Alexandra District Energy Utility service area to connect the Westmark and Berkeley House buildings





Covered deck for public use at the Alexandra District Energy Utility Energy Centre

## 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
-----------------------	---

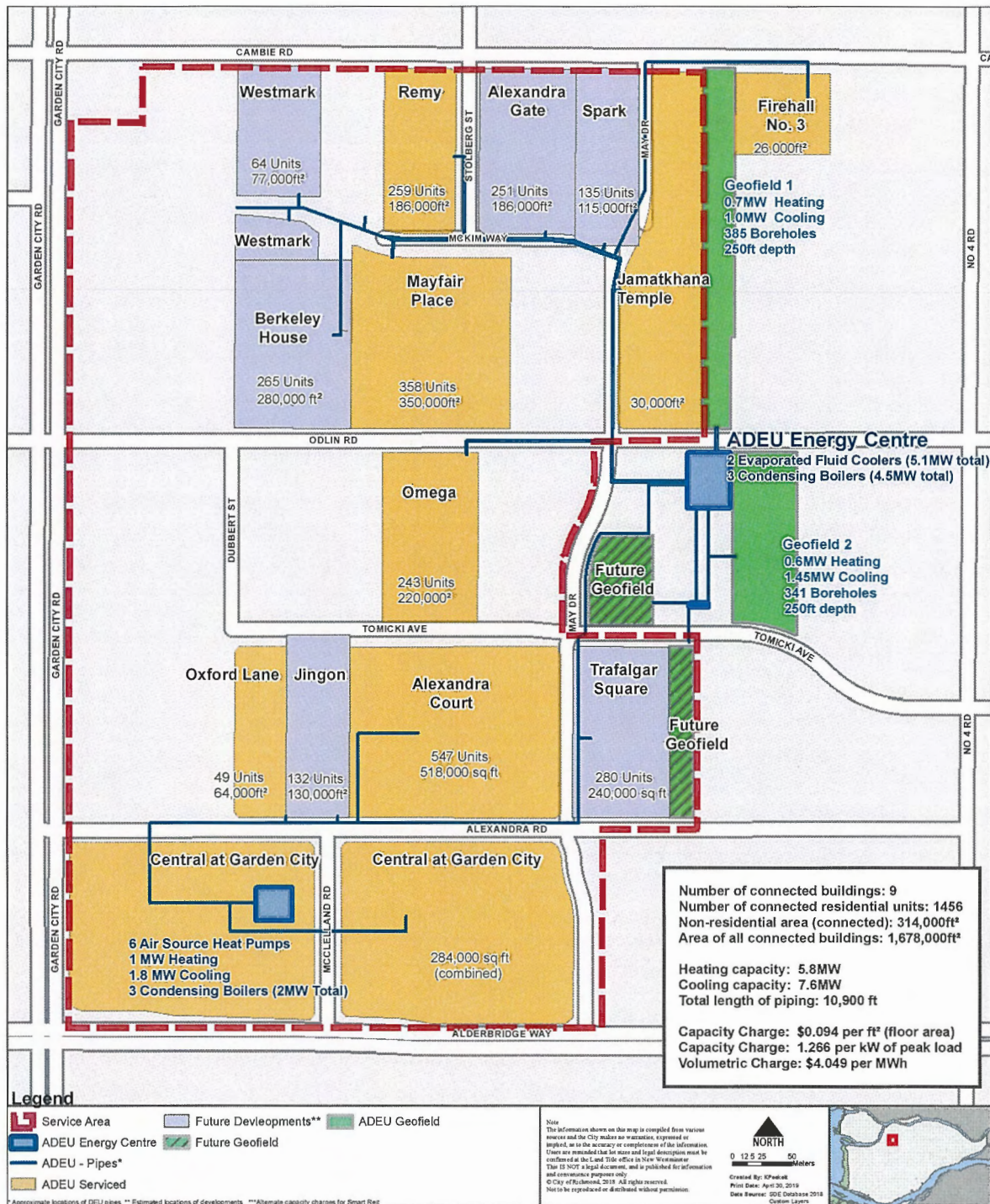
<b>Service</b>	Residential: Space heating, cooling and domestic hot water Commercial: Space heating and cooling
----------------	---

<b>Technology</b>	ADEU Phases 1 and 2 were commissioned in July 2012. The ADEU will potentially service up to 3100 residential units and 1.1 million sq. ft. 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 commercial and institutional spaces 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 backup natural gas-fired boilers provide 100% back up in the event that the ground source heat pumps shut down or fail. 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. Further, Phase 4 completed in 2016, brought the addition of a new satellite energy plant at the Central at Garden City (SmartREIT) commercial development. Located on the roof top parkade, this plant utilizes efficient air-source heat pump technology to provide space heating and cooling for the retail spaces 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, reducing the overall cost of maintenance to buildings. The performance of the system is monitored continuously, providing a high level of reliability to customers.
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<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
---------------------------------------	---



## Alexandra District Energy Utility Service Area Map



## Did you know?

ADEU enables building owners to conserve energy efficiency and improve operating efficiency, thus protecting the environment.

## Customers and Energy Rates

Customer energy rates are set in the City of Richmond 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 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 DE 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 DE rate costs with conventional utility, energy and maintenance costs. DE 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.

### 2018 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 (\$0.094 per sq. ft.);
- Peak Charge: Charge based on the annual peak heating load supplied by the ADEU to the building (\$1.266 per kW/month); and
- Volumetric Charge: Charge based on the energy consumed by the building (\$4.049 per MWh).

### Buildings

Building Name	Use	Area (sq. ft.)
Remy	Residential	186,000
Mayfair Place	Residential	351,000
Omega	Residential	222,000
Alexandra Court	Residential	518,000
Jamatkhana Temple	Institutional	30,000
Oxford Lane	Residential	64,000
Central at Garden City – Walmart	Commercial	160,000
Central at Garden City – Building A/B	Commercial	124,000
Fire Hall #3	Commercial	24,995
<b>Total:</b>		<b>1,679,995</b>



### 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 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.

That amount of Energy delivered by the end of 2018 was 23,687 MWh. Greenhouse gas performance by the end of 2018 was 3,550 tonnes of CO<sub>2</sub>e avoided, equal to removing 750 cars from City of Richmond roads for one year.

### 2018 Financial Summary

The total net book value of ADEU capital asset to date is \$22.9 million. Revenue from ADEU customers has been gradually increasing in pace with the occupancy of serviced buildings. Revenue from operations for 2018 was \$1,820,981 (2017 – \$1,714,058). Revenue increased by \$106,923, mainly due to full year service of buildings connected in 2017.

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) were \$1,137,033 (2017 – \$1,098,089). The increase of \$38,944 was mainly due to full year maintenance service for buildings connected in 2017.

ADEU financial model has been updated to reflect the current year financial performance. Based on the best estimations and underlying assumptions, the project internal rate of return (IRR) is 8.73% and payback period is 19 years. In the context of a growing customer base, ADEU financial, operational and environmental results show the DEU is progressing as planned.





Oval Village District Energy Utility  
Interim Energy Centre  
Public art feature: *Underwater* (2017)  
by Andrea Sirois

## ■ OVAL VILLAGE DISTRICT ENERGY UTILITY

Over 1,600 residential units are receiving energy from the OVDEU. Space heating and domestic hot water heating energy is currently supplied from the two interim energy centres. When enough buildings are connected to the system, a permanent energy centre will be built which will produce low carbon energy, currently planned to be harnessed from the Gilbert Trunk sanitary force main sewer. As with 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 – 7011 River Parkway, Richmond, BC Interim Energy Centre – 6111 Bowling Green Road, Richmond, BC
<b>Service</b>	Residential: Space heating and domestic hot water
<b>Technology</b>	The OVDEU started operations in 2015, and currently services eight buildings with over 1,600 residential units and over 1.8 million sq. ft. At full build-out the OVDEU will potentially service up to 5,500 residential units and 6.4 million sq. ft. 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 11MW 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. These facilities will be in operation until there are enough buildings connected to the system to justify the costs of constructing a major energy plant that will extract heat from the Gilbert Trunk sanitary force main sewer, currently planned for operation in 2025.
<b>Length of Distribution Network</b>	1,200 m (3,900 ft.) insulated steel piping



## 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 DE 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 DE rate costs with conventional utility, energy and maintenance costs. DE 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.

### 2018 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 (\$0.0515 per sq. ft.); and
- Volumetric Charge: Charge based on the energy consumed by the building (\$31.721 per MWh).

### Buildings

Building Name	Use	Area (sq. ft.)
Carrera	Residential	311,404
Riva Building 1	Residential	155,942
Riva Building 2	Residential	196,967
River Park Place 1	Residential	191,662
Cadence	Residential	216,826
Tempo	Residential	214,266
Riva Building 3	Residential	155,829
Lot 9	Residential	323,111
Total:		1,892,007



### 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 1-844-852-5651.

### Energy and Greenhouse Gas Emissions (GHGs)

The amount of Energy delivered by the end of 2018 was 29,117 MWh. Greenhouse gas performance by the end of 2018 was 928 tonnes of CO<sub>2</sub>e avoided, equal to removing 200 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.

### 2018 Financial Summary

In October 2014, LIEC and Corix Utilities executed a Concession Agreement whereby LIEC would own the Oval Village District Energy Utility's (OVDEU) infrastructure, and Corix would design, construct, 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 asset to date is \$9.4 million. Revenue from OVDEU customers has been increasing in pace with the occupancy. Revenue from operations for 2018 was \$1,598,048 (2017 – \$1,314,712). Revenue increased by \$283,636 compared to 2017. The increase was mainly due to full year service for three existing buildings connected in 2017 (Amacon Tempo, Onni Riva 3, and ASPAC 9).

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

### Did you know?

OVDEU provides efficient energy services for space heating and domestic hot water at competitive rates.



The River Green development will be built in several phases. Once completed, over 2.5 million sq. ft. of residential and commercial floor space will be serviced by the Oval Village District Energy Utility

## Oval Village District Energy Utility Service Area Map





## ■ APPENDIX A—AWARDS & RECOGNITION

Awarding Body	Award	Date	Comments
International District Energy Association	Public Sector District Energy Leadership Award	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	Canada Region Innovative Energy Project of the Year Award	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	Canadian Consulting Engineering Award of Excellence	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	Canada Region Institutional Energy Management Award	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	UBCM Community Recognition Award	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.



LIEC staff at the 2018 International District Energy Association annual conference



Awarding Body	Award	Date	Comments
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 further 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 make 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 (Natural Resources, Mining, Industry and Energy Category)</b>	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.

<b>Awarding Body</b>	<b>Award</b>	<b>Date</b>	<b>Comments</b>
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 is a subsidiary of the City of Richmond, established to develop, manage and operate district energy utilities in the City of Richmond on the City's behalf. 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 provides space heating, domestic hot water heating and, optionally, space cooling services to multi-unit residential and commercial customers in the West Cambie and Oval Village neighbourhoods. The company currently owns and operates the Alexandra District Energy Utility (ADEU), Oval Village District Energy Utility (OVDEU), and City Centre District Energy Utility (CCDEU).

The ADEU and OVDEU service areas and the associated operations, assets and liabilities are administered by LIEC. All capital and operating costs are recovered through revenues from meter billings, ensuring that the business is financially sustainable. Both the Alexandra and the Oval Village neighbourhoods are experiencing rapid redevelopment, and LIEC has been growing to meet this increased energy demand, while maintaining exceptional reliability and quality of service.

While the City Centre DEU (CCDEU) due diligence process has continued to progress, LIEC and City staff collaborated to develop the City Centre DEU Bylaw No. 9895 to expand LIEC's customer base and enable immediate GHG emissions reductions in the City Centre area. In 2018, six developments were incorporated into the Bylaw No. 9895 service area, amounting to approximately 4.29 million sq. ft. It is anticipated that construction of the first developments under this servicing strategy will begin in 2019.

### Financial Summary

Financial statements (Appendix C) provide information about the financial position, performance and changes in the equity of the company. The financial statements demonstrate accountability by providing information about the company's resources, obligations and financial affairs. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

LIEC's overall financial position improved by \$3,450,726 in 2018 with total assets of \$43,198,944 (2017 – \$39,748,218). Total assets are comprised of current assets (cash, investments, and receivables) totaling \$10,838,195 (2017 – \$7,715,430) and non-current assets (plant and equipment) of \$32,360,749 (2017 – \$32,032,788). The current assets increased by \$3,122,765, mainly due to income generated from operations and advanced payments from developers for future capital projects. The cash balances are held in a provision account for upcoming development connections.

LIEC's liabilities consist of accounts payables, deferred contributions and concession liabilities. The liabilities increased by \$1,960,094 to \$13,419,178 (2017 – \$11,459,084), mainly due to developer contributions for capital projects.



The deferred contributions are the fees received from developers to recover the cost of the initial connection, including installation of the energy transfer station infrastructure. The concession liabilities are linked to the 30 year concession agreement between LIEC and Corix Utilities Inc. (Corix), where Corix designs, constructs, finances, and maintains the infrastructure for the OVDEU. The concession liabilities are 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. It is equal to the total assets minus its total liabilities and measures the company's financial health. In 2018, LIEC's shareholder equity is \$29,779,766 (2017 – \$28,289,134), which indicates that the company's value has increased by \$1,490,631, showing good financial health of the company.

The revenue consists of district energy services and metered billings which reflect the first full year of energy sales to the number of buildings which were connected partway through 2017. The actual sales are based on the actual customers' energy usage and consumption. Overall, 2018 actual revenue of \$4,353,243 is in line with the projected revenue.

The cost of sales expenditures are the accumulated total of contract services, utilities (electricity and natural gas), and depreciation expenses. The total cost of sales increased by \$38,051 due to more energy sales to customers. Comparing with the 2018 operating budget, the contract expense is below the budget by 23% mainly due to less unscheduled repairs and maintenance. The utility expenses are below the budget by 14%. The main driver is lower projected use of electricity and natural gas in the ADEU service area. Because ADEU is designed to maximize the use of renewable energy sources and peaking boilers are only used when renewable capacity is exceeded, electricity and natural gas use are greatly affected by seasonal heating demand. Moderate winter conditions in 2018 resulted in ADEU being able to meet practically all heating demand using renewable sources, resulting in very low utility consumption. Overall, the cost of sales of \$2,174,180 is below the budget by 14%.

The general and administration expenses are expenditures that LIEC incurs to engage in business development activities and includes salaries and benefits, administration expenses, insurance, professional fees. The general and administration expenses are increased by \$89,243 over 2017. With district energy assets under LIEC, this is the first year that LIEC set up its own insurance program, resulting in an insurance expense of \$65,761 (2017 – Nil). The general and administration expenses also include a fee of \$59,758 (2017 – \$48,152), paid by LIEC to the City of Richmond for the support provided by the City.

Overall, LIEC's revenues exceeded expenses resulting in a net income of \$1,490,632. Comparing to 2017, the net income has increased by \$449,077, showing positive financial results of operations.

LIEC's financial sustainability and future growth must be taken into consideration when reviewing its net income. LIEC's success is dependent upon developing in house expertise and securing funds for the future capital replacement as the existing infrastructure components reach end of life. Other important factors are the planning of future projects, which includes research and development, and exploratory reviews on future technology and opportunities. An appropriate amount will be committed within LIEC's equity in order to fund future capital replacements and to ensure long term rate stability for rate payers.

## ■ APPENDIX C—FINANCIAL STATEMENTS OF LULU ISLAND ENERGY COMPANY LTD.

Period of incorporation on  
January 1, 2018 to December 31, 2018



KPMG LLP  
Metro Tower I  
4710 Kingsway, Suite 2401  
Burnaby BC V5H 4M2  
Canada  
Telephone (604) 527-3600  
Fax (604) 527-3636

## INDEPENDENT AUDITORS' REPORT

To the City of Richmond

### ***Opinion***

We have audited the financial statements of Lulu Island Energy Company Ltd. (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity 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 Entity as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### ***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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent Member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.





Lulu Island Energy Company Ltd.  
Page 2

### ***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 International Financial Reporting Standards (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.



Lulu Island Energy Company Ltd.  
Page 3

- 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

Burnaby, Canada  
April 18, 2019

**LULU ISLAND ENERGY COMPANY LTD.**

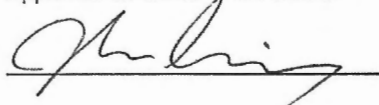
## Statement of Financial Position

December 31, 2018, with comparative information for 2017

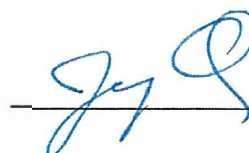
	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,640,019	\$ 710,775
Accounts receivable (note 6)	2,242,644	1,487,917
Other investments (note 7)	6,955,532	5,516,738
	10,838,195	7,715,430
Non-current assets:		
Plant and equipment (note 8)	32,360,749	32,032,788
	\$ 43,198,944	\$ 39,748,218
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 414,437	\$ 256,582
Current portion of deferred developer contributions (note 9)	106,761	106,761
Current portion of concession liability (note 10)	1,401,328	1,187,000
	1,922,526	1,550,343
Non-current liabilities:		
Deferred developer contributions (note 9)	5,267,876	3,521,677
Concession liability (note 10)	6,228,776	6,387,064
	13,419,178	11,459,084
Shareholder's equity:		
Share capital and contributed surplus (note 14)	27,397,115	27,397,115
Retained earnings	2,382,651	892,019
	29,779,766	28,289,134
	\$ 43,198,944	\$ 39,748,218

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director



**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenue (note 13)	\$ 4,353,243	\$ 3,943,769
Cost of sales:		
Operating expenses	1,128,952	1,113,391
Depreciation	1,045,228	1,022,738
	2,174,180	2,136,129
Gross profit	2,179,063	1,807,640
General and administrative expenses	803,121	713,878
Net income before undernoted items	1,375,942	1,093,762
Developer contributions, other income and net finance cost:		
Developer contributions	106,761	99,974
Other income (note 13)	151,083	115,280
Net finance cost (note 5)	(143,154)	(267,462)
	114,690	(52,208)
Net income and comprehensive income	\$ 1,490,632	\$ 1,041,554

See accompanying notes to financial statements.

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Changes in Equity

Year ended December 31, 2018, with comparative information for 2017

	Share capital	Contributed surplus	Retained earnings (deficit)	Shareholder's equity
Balance, January 1, 2017	\$ 1	\$ 23,157,226	\$ (149,535)	\$ 23,007,692
Issuance of common shares	4	-	-	4
Net income and comprehensive income	-	-	1,041,554	1,041,554
Contributed surplus (note 13(a))	-	4,239,884	-	4,239,884
Balance, December 31, 2017	5	27,397,110	892,019	28,289,134
Net income and comprehensive income	-	-	1,490,632	1,490,632
Balance, December 31, 2018	\$ 5	\$ 27,397,110	\$ 2,382,651	\$ 29,779,766

See accompanying notes to financial statements.

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Net income	\$ 1,490,632	\$ 1,041,554
Adjustments for:		
Depreciation	1,045,228	1,022,738
Recognition of deferred contributions	(106,761)	(99,974)
Finance expense	420,009	332,643
Change in non-cash working capital:		
Accounts receivable	(754,727)	(844,989)
Accounts payable and accrued liabilities	157,855	171,616
Deferred developer contributions	1,852,960	826,977
Net change in cash from operating activities	4,105,196	2,450,565
Investments:		
Additions to plant and equipment	(1,065,437)	(359,428)
Purchase of investments	(1,438,794)	(5,516,738)
Net change in cash from investing activities	(2,504,231)	(5,876,166)
Financing:		
Issuance of common shares	-	4
Contributed surplus	-	4,198,040
Concession liability	(671,721)	(232,026)
Net change in cash from financing activities	(671,721)	3,966,018
Net change in cash	929,244	540,417
Cash and cash equivalents, beginning of year	710,775	170,358
Cash and cash equivalents, end of year	\$ 1,640,019	\$ 710,775
Non-cash items:		
Transfer of plant and equipment from shareholder	\$ -	\$ 41,844

See accompanying notes to financial statements.



# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

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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:

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

The financial statements were approved and authorized for issue by the Board of Directors April 18, 2019.

### (b) Basis of measurement:

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

### (c) Presentation of financial statements:

The Company uses a classified statement of financial position. The statement of financial position distinguishes between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered within twelve months from the reporting date and non-current assets and liabilities are those where the recovery is expected to occur more than twelve months from the reporting date. The Company classifies the statement of comprehensive income using the function of expense method, which classifies expenses according to their functions, such as cost of sales and general and administrative expenses.

### (d) Functional and presentation currency:

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

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

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## 2. Basis of presentation (continued):

### (e) 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.

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 9 - 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 - useful lives of plant and equipment

Note 12 - determination of the future minimum obligations and commitments for the concession liability.

## 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:

Items of 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. The cost of self-constructed assets include 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.

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 3. Significant accounting policies (continued):

### (a) Plant and equipment (continued):

#### (i) Recognition and measurement (continued):

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.

#### (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.



# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 3. Significant accounting policies (continued):

### (b) Revenue recognition:

The Company adopted IFRS 15, *Revenue from Contracts with Customers* on January 1, 2018. IFRS 15 replaced IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations ("IAS 18").

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application, January 1, 2018. Accordingly, the information presented for 2017 has not been restated. It is presented, as previously reported, under IAS 18 and related interpretations.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. There was no impact as a result of adoption of the standard.

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) Public-private partnership project:

Public-private partnership ("P3") projects are delivered by private sector partners selected to design, build, finance, and maintain the assets. 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.

When deemed available for use, the project assets are amortized over their estimated useful lives. Correspondingly, an obligation for the cost of capital and financing received to date, net of the developer contributions received and repayments, is recorded under concession liabilities (note 10).

### (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, 2018 all cash and cash equivalents related to cash balances (2017 – cash balances).

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 3. Significant accounting policies (continued):

### (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 borrowings and impairment losses recognized on financial assets. Borrowing 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:

The Company adopted IFRS 9, *Financial Instruments* on January 1, 2018.

The Company had adopted IFRS 9 with retrospective application taking exemption from restatement of financial assets and financial liabilities already derecognized on initial application.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39").

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities at amortized cost using the effective interest method. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under 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

Year ended December 31, 2018

## 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 costs 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(g)(ii)). 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.
- 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.



# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 3. Significant accounting policies (continued):

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

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

The following table show the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018.

	New classification Under IFRS 9	Original classification under IAS 39
<b>Financial assets</b>		
Cash and cash equivalents	Amortized cost	Loans and receivables
Accounts receivable	Amortized cost	Loans and receivables
Other investments	Amortized cost	Loans and receivables
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	Other financial liabilities	Other financial liabilities
Concession liability	Other financial liabilities	Other financial liabilities

On adoption of IFRS 9, no changes in the carrying amounts of the financial assets have been recorded.

#### (ii) Measurement categories:

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2018, and 2017. 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.

	2018	2017
<b>Financial Assets:</b>		
Financial assets at amortized cost:		
Cash and cash equivalents	\$ 1,640,019	\$ 710,775
Accounts receivable	2,242,644	1,487,917
Other investments	6,955,532	5,516,738
	<b>\$ 10,838,195</b>	<b>\$ 7,715,430</b>
<b>Financial Liabilities:</b>		
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$ 414,437	\$ 256,582
Concession liability	7,630,104	7,574,064
	<b>\$ 8,044,541</b>	<b>\$ 7,830,646</b>

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 3. Significant accounting policies (continued):

### (h) Impairment:

#### (i) Financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of cash and cash equivalents, accounts receivable and other 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 EFLs: 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 accounts receivable 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).

On adoption of IFRS 9, there was no change to the impairment of the Company's financial assets.

#### (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").

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 3. Significant accounting policies (continued):

### (h) Impairment (continued):

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

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.

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:

#### (i) IFRS 16 Leases:

On January 13, 2016 the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Company has evaluated the standard and the impact of adoption is not expected to have a material impact on the financial statements of the Company.



**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements

Year ended December 31, 2018

**4. Personnel expenses:**

	2018	2017
Wages and salaries	\$ 611,625	\$ 578,697
Other payroll expenses	3,713	28,650
	<u>\$ 615,338</u>	<u>\$ 607,347</u>

**5. Net finance cost:**

	2018	2017
Finance income:		
Investment interest	\$ 149,435	\$ 55,587
Bank interest	29,520	6,902
Other	97,900	2,692
	<u>276,855</u>	<u>65,181</u>
Finance cost:		
Finance expense on concession liability	(420,009)	(332,643)
Net finance cost	<u>\$ (143,154)</u>	<u>\$ (267,462)</u>

**6. Accounts receivable:**

	2018	2017
Trade receivables (note 13)	\$ 1,375,799	\$ 373,929
Unbilled trade receivables	852,840	1,094,777
Sales tax receivable	14,005	19,211
	<u>\$ 2,242,644</u>	<u>\$ 1,487,917</u>

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 7. Other investments:

Investments represent cash term deposits as follows:

Purchase date	Maturity date (interest rate)	2018
May 12, 2018	May 12, 2019 (2.80%)	\$ 2,072,391
June 5, 2018	June 5, 2019 (2.80%)	1,016,033
Aug 23, 2018	Aug 23, 2019 (2.85%)	1,515,226
Nov 28, 2018	Feb 26, 2019 (2.30%)	302,442
Nov 28, 2018	Nov 28, 2019 (3.00%)	1,548,656
Dec 07, 2018	June 5, 2019 (2.60%)	500,784
		<b>\$ 6,955,532</b>

## 8. Plant and equipment:

	Energy plant centre	General equipment	Distribution piping	Total
<i>Cost:</i>				
Balance as at January 1, 2017	\$ 5,031,915	\$ 20,043,182	\$ 6,463,548	\$ 31,538,645
Additions	-	703,368	1,096,236	1,799,604
Balance as at December 31, 2017	\$ 5,031,915	\$ 20,746,550	\$ 7,559,784	\$ 33,338,249
Additions	-	764,247	608,942	1,373,189
Balance as at December 31, 2018	\$ 5,031,915	\$ 21,510,797	\$ 8,168,726	\$ 34,711,438
<i>Accumulated depreciation:</i>				
Balance as at January 1, 2017	\$ -	\$ 237,203	\$ 45,520	\$ 282,723
Depreciation	67,092	812,936	142,710	1,022,738
Balance as at December 31, 2017	\$ 67,092	\$ 1,050,139	\$ 188,230	\$ 1,305,461
Depreciation	67,092	828,882	149,254	1,045,228
Balance as at December 31, 2018	\$ 134,184	\$ 1,879,021	\$ 337,484	\$ 2,350,689
<i>Net book value:</i>				
At January 1, 2017	\$ 5,031,915	\$ 19,805,979	\$ 6,418,028	\$ 31,255,922
At December 31, 2017	4,964,823	19,696,411	7,371,554	32,032,788
At December 31, 2018	4,897,731	19,631,776	7,831,242	32,360,749

Included in plant and equipment is \$1,494,780 (2017 - \$127,055) of assets under construction being \$788,741 (2017 - \$29,957) general equipment and \$706,039 (2017 - \$97,098) distribution piping. For the year ended December 31, 2018, capitalized borrowing costs related to the construction of the distribution system amounted to be nil (2017 - \$43,935).

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 9. Deferred developer contributions:

The Company defers contribution amounts received from developers related to the cost of initial connection, 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 building is deemed available to use.

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

	2018	2017
Deferred developer contributions, beginning of year	\$ 3,628,438	\$ 2,785,654
Developer contributions received	1,852,960	1,011,793
Recognized revenue from developer contributions	(106,761)	(169,009)
	5,374,637	3,628,438
Less: current portion of deferred developer contributions	106,761	106,761
Non-current deferred developer contributions	\$ 5,267,876	\$ 3,521,677

## 10. Oval Village District Energy Utility ("OVDEU") Concession Agreement:

On October 30, 2014, the Corporation and the OVDEU developer ("the Concessionaire") entered into a 30 year Concession Agreement, which is a public-private partnership project ("P3"), 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 \$38,344,000 (2017 - \$31,931,000) 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 12.

OVDEU Concession Agreement liability:

	2018	2017
Concession Agreement liability – capital	\$ 6,605,178	\$ 6,548,070
Concession Agreement liability – non-capital	1,024,926	1,025,994
	7,630,104	7,574,064
Less: current capital portion of concession liability	609,742	551,617
Less: current non-capital portion of concession liability	791,586	635,383
Non-current portion of concession liability	\$ 6,228,776	\$ 6,387,064

The average finance cost on the concession liability is 5.50% for the year ended December 31, 2018 (2017 - 5.50%).



# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

## 12. Commitments and contingencies (continued):

### *Public-private partnership 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 10.

	Capital commitment	Operating commitment	Total commitment
2018	\$ 609,742	\$ 791,586	\$ 1,401,328

## 13. 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) Transactions with City of Richmond

During 2018, the Company received and recognized in revenues \$934,215 (2017 - \$915,000) 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 2018 is \$33,482 (2017 - \$29,972) for district energy utility services rendered by the Company to the City.

During 2018, the Company received and recognized energy model review fees into other income of \$151,083 (2017 - \$115,280) relating to district energy permit fees collected by the City for in-building district energy related equipment reviews performed by the Company.

During 2018, \$157,085 (2017 - \$93,560) of salary and benefit expenses were charged to the City for the 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 City of Richmond as a result of the above transactions as at December 31, 2018 is \$1,375,799 (2017 - \$360,766) and is included within trade receivables in 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.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

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

#### (b) Key management personnel:

The Company did not enter into any transactions with key management personnel in the year ended December 31, 2018 (2017 - none).

No key management personnel are remunerated by the Company. A fee of \$59,758 (2017 - \$48,152), included in general and administration expenses, was paid to the City for the day-to-day support that the Company received from the City staff over 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.

### 14. Share capital:

At December 31, 2018, the authorized share capital comprised 10,000 (2017 - 10,000) common shares without par value.

As at December 31, 2018, the Company has issued 450 common shares (2017 - 450) at \$0.01 per share totaling \$4.50 (2017 - \$4.50) and contributed surplus of \$27,397,110 (2017 - \$27,397,110).

### 15. 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.

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

The carrying amounts for cash and cash equivalents, accounts receivable, other investments, 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).

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

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## 16. 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
- 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.

#### (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.

At December 31, 2018 and 2017 all trade and other receivables were neither past due (current) nor impaired and related to end-user customers in the City's geographic region or services provided to the City.

#### (ii) Other investments:

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



# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

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

### (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 12.

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

	Carrying amount	Contractual cash flow	Less than 1 year	1 – 2 years	2 – 5 years
December 31, 2018	\$ 7,630,104	\$ 8,793,982	\$ 1,439,485	\$ 1,579,702	\$ 5,774,795
December 31, 2017	7,574,064	8,713,553	1,219,206	1,598,346	5,896,001

### (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.

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

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2018

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## 17. 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 (2017 - no changes).

## 18. 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. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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.

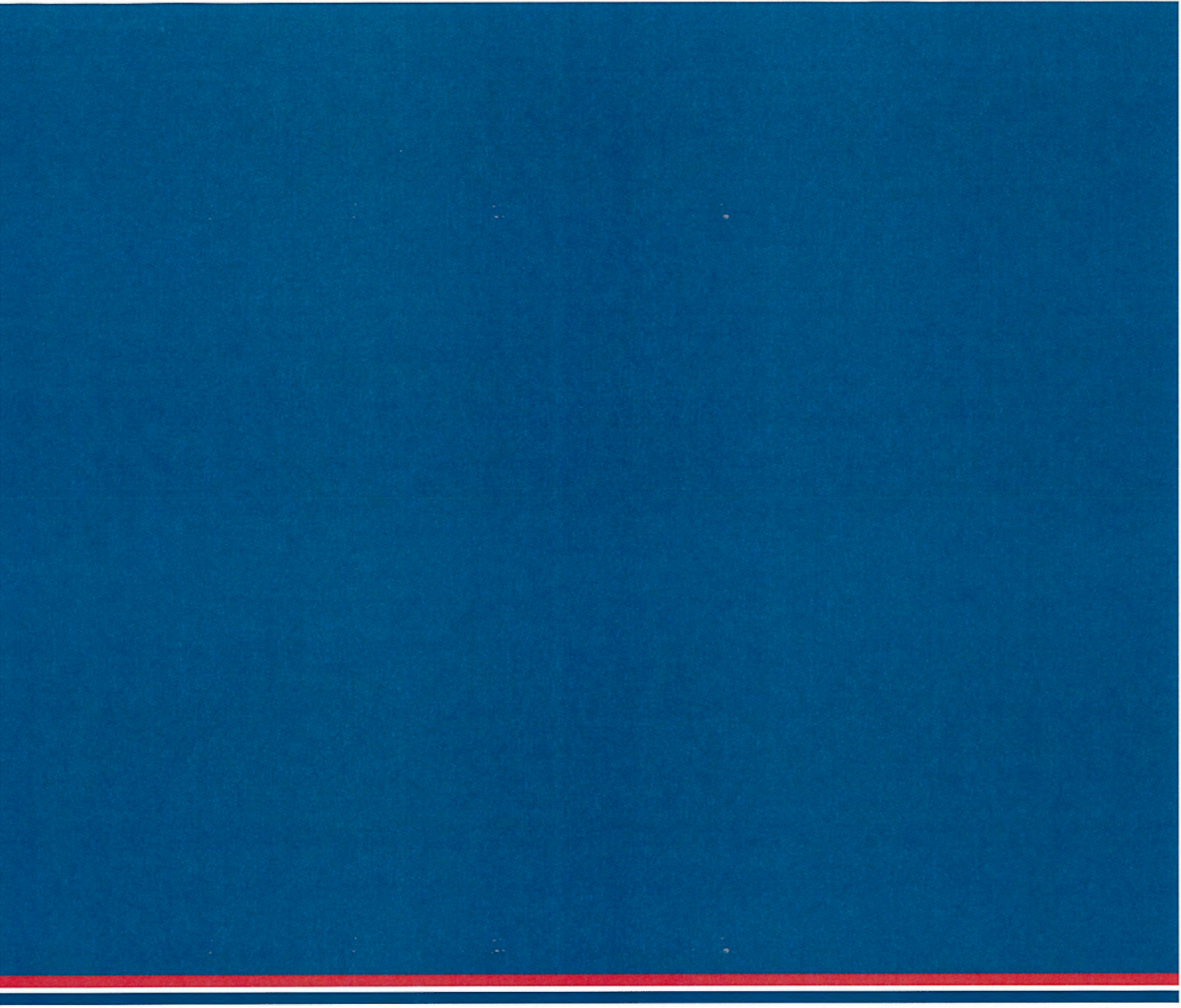
The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Company paid \$63,598 (2017 - \$40,148) for employer contributions to the Plan in 2018.

The next valuation will be at December 31, 2018, with results available in 2019. 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).

## 19. Comparative information:

Certain 2017 comparative information has been reclassified to conform to the financial statement presentation adopted for 2018.



## Lulu Island Energy Company

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