



# City of Richmond

## Notice and Agenda of Special Council Meeting

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

**Date:** Monday, June 4, 2018  
**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. **UNANIMOUS CONSENT RESOLUTIONS OF THE SHAREHOLDER OF RICHMOND OLYMPIC OVAL CORPORATION**  
(File Ref. No.: 01-0005-01) (REDMS No. 5855546)

CNCL-4

See Page CNCL-4 for AGM Material

CNCL-32

See Page CNCL-32 for ROO 2017 Annual Report

### **RESOLVED THAT:**

- (1) *the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2017 to December 31, 2017, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 25, 2018 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 7, 2018;*

**CNCL – 1  
(Special)**

Special Council Agenda  
Monday, June 4, 2018

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- (2) *in accordance with Article 14.1 of the Company's Articles, the following persons, each of whom has consented to act as a director, are hereby elected as directors of the Company, to hold office for the term ending immediately prior to the election or appointment of directors at the annual general meeting of the Company held in the year set out opposite their name below:*

<u>Name</u>	<u>Date</u>
i. <i>Dennis Skulsky</i>	<i>2019</i>
ii. <i>Moray Keith</i>	<i>2019</i>
iii. <i>Umendra Mital</i>	<i>2019</i>
iv. <i>Tony Kwan</i>	<i>2019</i>
v. <i>Lisa Cowell</i>	<i>2019</i>
vi. <i>George Duncan</i>	<i>2020</i>
vii. <i>Peter German</i>	<i>2020</i>
viii. <i>Gail Terry</i>	<i>2020</i>
ix. <i>Dan Nomura</i>	<i>2020</i>
x. <i>Walter Soo</i>	<i>2020</i>
xi. <i>Gary Collinge</i>	<i>2020</i>

- (3) *KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors;*
- (4) *the 2017 Annual Report of the Company is hereby received; and*
- (5) *June 4, 2018 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. **UNANIMOUS CONSENT RESOLUTIONS OF THE SHAREHOLDER OF LULU ISLAND ENERGY COMPANY LTD.**

(File Ref. No.: 01-0060-20-LIEC1, Xr: 03-1200-08) (REDMS No. 5820035)

CNCL-85

See Page CNCL-85 for AGM Material

CNCL-92

See Page CNCL-92 for LIEC 2017 Annual Report

**Special Council Agenda**  
**Monday, June 4, 2018**

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**RESOLVED THAT:**

- (1) *the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2017 to December 31, 2017, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 25, 2018 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 7, 2018;*
- (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 5;*
- (4) *the following persons, each of whom has consented in writing to act as a director, are hereby elected as directors of the Company, to hold office until the next annual general meeting of the Company or unanimous resolutions consented to in lieu of holding an annual general meeting, or until their successors are appointed:*  

*Cecilia Maria Achiam*  
*Jerry Ming Chong*  
*Robert Gonzalez*  
*John David Irving*  
*Joseph Erceg*
- (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 4, 2018 is hereby selected as the annual reference date for the Company for its current annual reference period.*



**ADJOURNMENT**



  
\_\_\_\_\_  
Claudia Jesson  
Acting Corporate Officer

**CNCL – 3**  
**(Special)**



# City of Richmond

## Memorandum Administration

**To:** Mayor and Councillors ("the Shareholder")  
**From:** George Duncan  
Chief Administrative Officer  
President & CEO  
Richmond Olympic Oval Corporation  
**Date:** May 28, 2018  
**File:** 01-0005-01/2018-Vol 01  
**Re:** Notice to the Shareholder of the 2018 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 4, 2018 adjacent to Council meeting at the Richmond City Hall.

Appendix A	Notice of AGM, to be sent at least 10 days prior to the AGM to: <ul style="list-style-type: none"><li>• the City,</li><li>• each member of the Board, and</li><li>• the Auditors.</li></ul>
Appendix B	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, and</li><li>• The appointment of Auditors.</li></ul>
Appendix D	Notice of Appointment of Auditor
Appendix E	2017 Annual Report

George Duncan  
Chief Administrative Officer

GD:lc  
Att. 5



**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 4, 2018 adjacent to Council meeting at the Richmond City Hall, 6911 No. 3 Road, Richmond, British Columbia for the following purposes:

1. to acknowledge and confirm previous receipt of the audited financial statements of the Corporation for the fiscal year ended December 31, 2017 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 2018 fiscal year and to authorize the Board to fix the auditors' remuneration;
4. to acknowledge and confirm previous receipt of the Corporation's 2017 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 4, 2018 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, 2017 to December 31, 2017 and the report of the auditors thereon are attached to this Notice of Annual General Meeting.

Dated this 14 day of May, 2018.

**On behalf of the Board of Directors**



**George Duncan**  
President & CEO

**APPENDIX B**

**RICHMOND OLYMPIC OVAL CORPORATION**

**2017 Audited Financial Statements**

Consolidated Financial Statements of

**RICHMOND OLYMPIC  
OVAL CORPORATION**

Year ended December 31, 2017



KPMG LLP  
Metro Tower I  
4710 Kingsway, Suite 2400  
Burnaby BC V5H 4M2  
Canada  
Telephone (604) 527-3600  
Fax (604) 527-3636

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Richmond Olympic Oval Corporation

We have audited the accompanying consolidated financial statements of Richmond Olympic Oval Corporation, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations, consolidated changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Richmond Olympic Oval Corporation as at December 31, 2017 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.

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

Chartered Professional Accountants

April 25, 2018  
Burnaby, Canada



# **RICHMOND OLYMPIC OVAL CORPORATION**

## Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial Assets</b>		
Cash	\$ 309,846	\$ 865,289
Investments (note 3)	10,576,342	8,701,850
Accounts receivable	907,140	565,143
Due from City of Richmond (note 4)	250,737	11,304
Inventories held for resale	203,782	115,112
	12,247,847	10,258,698
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,702,855	1,727,883
Deferred revenue (note 7)	6,514,601	5,818,952
Rental deposits	9,263	9,263
	8,226,719	7,556,098
Net financial assets	4,021,128	2,702,600
<b>Non-Financial Assets</b>		
Tangible capital assets (note 8)	11,648,902	11,679,181
Deferred lease costs (note 9)	76,412	102,062
Prepaid expenses and other deposits	354,712	414,881
	12,080,026	12,196,124
Economic dependence (note 15)		
Accumulated surplus (note 10)	\$ 16,101,154	\$ 14,898,724

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:



Director



Director

# RICHMOND OLYMPIC OVAL CORPORATION

## Consolidated Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
	(Note 2(j))		
Revenue:			
2010 Games Operating Trust Fund (note 6)	\$ 2,856,000	\$ 2,804,671	\$ 2,800,000
Contribution from City of Richmond (note 12(a))	3,377,146	3,377,146	3,310,927
Memberships, admissions and programs	8,288,202	8,099,678	7,892,385
Other	1,871,192	2,252,637	1,984,908
	16,392,540	16,534,132	15,988,220
Expenses:			
Salaries and benefits	8,990,133	8,916,249	8,684,234
Utilities	1,050,000	1,050,194	1,048,006
Amortization	1,500,000	1,513,281	1,394,439
Supplies and equipment	934,500	930,883	794,447
Insurance	350,000	342,203	344,412
General and administration	996,058	905,986	931,639
Marketing	456,508	283,826	759,554
Program services	1,245,011	1,300,871	1,118,165
Professional fees	130,090	88,209	45,361
	15,652,300	15,331,702	15,120,257
Annual surplus	740,240	1,202,430	867,963
Accumulated surplus, beginning of year	14,898,724	14,898,724	14,030,761
Accumulated surplus, end of year	\$ 15,638,964	\$ 16,101,154	\$ 14,898,724

See accompanying notes to consolidated financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (Note 2(j))	2017	2016
Annual surplus for the year	\$ 740,240	\$ 1,202,430	\$ 867,963
Acquisition of tangible capital assets	(2,665,002)	(1,483,002)	(1,317,632)
Amortization of tangible capital assets	1,500,000	1,513,281	1,394,439
	(1,165,002)	30,279	76,807
Amortization of deferred lease costs	-	25,650	25,650
Increase in prepaid expenses	-	(459,544)	(399,078)
Use of prepaid expenses and other deposits	-	519,713	543,123
Change in net financial assets	(424,762)	1,318,528	1,114,465
Net financial assets, beginning of year	2,702,600	2,702,600	1,588,135
Net financial assets, end of year	\$ 2,277,838	\$ 4,021,128	\$ 2,702,600

See accompanying notes to consolidated financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

## Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,202,430	\$ 867,963
Items not involving cash:		
Amortization of tangible capital assets	1,513,281	1,394,439
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	(341,997)	(92,011)
Inventories held for resale	(88,670)	21,196
Prepaid expenses and other deposits	60,169	144,045
Accounts payable and accrued liabilities	(25,028)	(1,040,043)
Deferred revenue	695,649	220,493
Due from (to) the City of Richmond	(239,433)	(199,057)
	2,841,805	1,342,675
Capital activities:		
Acquisition/transfer of tangible capital assets	(1,522,756)	(1,317,632)
Investing activities:		
Net purchase of investments	(1,874,492)	(8,701,850)
Decrease in cash	(555,443)	(8,676,807)
Cash, beginning of year	865,289	9,542,096
Cash, end of year	\$ 309,846	\$ 865,289

See accompanying notes to consolidated financial statements.

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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

These consolidated financial statements include 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"). VROX was established to: (a) conduct the necessary research and development to produce prototype simulators for installation in the Richmond Olympic Experience ("ROX") at the Richmond Olympic Oval; (b) provide ongoing technical and maintenance support for the interactive and sport simulation devices operating in the ROX; (c) utilize the ROX to showcase the Company's products to potential commercial or retail purchasers and the public in general; and (d) conduct research and development needed to produce alternative and/or next generation sport simulators needed to refresh the ROX on an approximately two to three-year cycle. As at December 31, 2017, VROX transferred all its assets and liabilities to the Corporation (note 13).

### **(b) Investment in government partnership:**

Government partnerships are accounted for under the proportionate consolidation method, where the Corporation's share of the partnership is accounted for on a line-by-line basis on the financial statements.

### **(c) 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 2010 Games Operating Trust (note 6) and when the related operating expenses and capital maintenance costs of the Oval are incurred.

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 2. Significant accounting policies (continued):

### (c) Revenue recognition (continued):

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

### (d) 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 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.

### (e) 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.

### (f) Capital assets:

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



# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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

### **(f) Capital assets (continued):**

#### **(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.

### **(g) 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.

### **(h) Income taxes:**

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

### **(i) 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.

### **(j) Budget data:**

The budget data presented in these financial statements is based upon the 2017 budget approved by the Board of Directors on December 1, 2016.

### **(k) 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 earnings in the year in which they become known.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 2. Significant accounting policies (continued):

### (l) Government transfers:

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

## 3. Investments:

Investments represent term deposits as follows:

Purchase Date	Maturity Date	2017	2016
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	-
July 8, 2016	January 3, 2017	-	2,800,000
August 22, 2016	February 20, 2017	-	3,047,992
October 6, 2016	April 4, 2017	-	2,853,858
		\$ 10,576,342	\$ 8,701,850

The interest rate of the term deposits range from 1.60% to 2.10%.

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

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

## 5. Richmond Oval Agreement:

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.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 6. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for the Games, the Government of Canada and the Province of British Columbia agreed to establish the Legacy Endowment Fund (the "Fund") and to each contribute \$55 million. On March 31, 2004, under the terms of the 2010 Games Operating Trust Agreement, 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 Trust, the City, as owner of the Oval, became a beneficiary of the Trust and became responsible for complying with obligations set by the Trust and GOT in order to receive funding.

Effective December 31, 2007:

- (a) the GOT 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 GOT 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 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:

	2017	2016
2016 annual distributable amount approved and received in 2017	\$ 2,804,671	\$ -
2015 annual distributable amount approved and received in 2016	-	2,800,000
	\$ 2,804,671	\$ 2,800,000

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 7. Deferred revenue:

	2017	2016
Balance, beginning of year	\$ 5,818,952	\$ 5,598,459
Add: additions	11,047,964	10,097,786
Less: revenue recognized	(10,352,315)	(9,877,293)
Balance, end of year	\$ 6,514,601	\$ 5,818,952

Deferred revenue comprises of:

	2017	2016
Memberships and programs	\$ 1,064,226	\$ 1,110,552
Sponsorship fees	1,123,000	1,400,001
Sport Hosting funding (note 12(b))	382,189	616,386
Richmond Olympic Experience (note 12(b))	3,945,186	2,692,013
	\$ 6,514,601	\$ 5,818,952

## 8. Tangible capital assets:

	Balance, December 31, 2016	Additions/ transfers	Balance, December 31, 2017
Athletic equipment	\$ 2,511,975	\$ 98,284	\$ 2,610,259
Building improvements	504,754	783,242	1,287,996
Computer software and equipment	2,209,380	137,947	2,347,327
Facility equipment	874,263	115,131	989,394
Infrastructure	5,880,940	-	5,880,940
Signage	91,425	40,682	132,107
Simulators and exhibit fabrication	3,687,168	137,218	3,824,386
Tenant improvements	65,729	-	65,729
Uniforms, ice skates, and helmets	200,017	65,671	265,688
Work-in-progress	14,382	144,581	158,963
	\$ 16,040,033	\$ 1,522,756	\$ 17,562,789

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 8. Tangible capital assets (continued):

	Balance, December 31, 2016	Amortization expense/ transfers	Balance, December 31, 2017
Athletic equipment	\$ 1,201,416	\$ 245,224	\$ 1,446,640
Building improvements	215,790	130,147	345,937
Computer software and equipment	1,649,667	363,151	2,012,818
Facility equipment	473,462	238,162	711,624
Infrastructure	168,930	147,023	315,953
Signage	66,188	21,561	87,749
Simulators and exhibit fabrication	370,678	376,704	747,382
Tenant improvements	43,073	9,750	52,823
Uniforms, ice skates, and helmets	171,648	21,313	192,961
	\$ 4,360,852	\$ 1,553,035	\$ 5,913,887

	2017	2016
	Net book value	Net book value
Athletic equipment	\$ 1,163,619	\$ 1,310,559
Building improvements	942,059	288,964
Computer software and equipment	334,509	559,713
Facility equipment	277,770	400,801
Infrastructure	5,564,987	5,724,452
Signage	44,358	25,237
Simulators and exhibit fabrication	3,077,004	3,323,750
Tenant improvements	12,906	2,954
Uniforms, ice skates, and helmets	72,727	28,369
Work-in-progress	158,963	14,382
	\$ 11,648,902	\$ 11,679,181

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.

### (a) Write-down of tangible capital assets:

There was no write-down of tangible capital assets during the year (2016 - nil).

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 9. Deferred lease costs:

	2017	2016
Balance, beginning of year	\$ 102,062	\$ 127,712
Less amortization	(25,650)	(25,650)
Balance, end of year	\$ 76,412	\$ 102,062

## 10. Accumulated surplus:

Accumulated surplus is comprised of:

	2017	2016
Share capital	\$ 1	\$ 1
Capital reserve	4,749,421	4,260,950
Other reserves/provisions	1,683,596	1,098,682
Operating surplus	546,350	551,923
Invested in tangible capital assets	9,121,786	8,987,168
	\$ 16,101,154	\$ 14,898,724

## 11. Financial risk management:

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

### (a) Credit risk:

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



# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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

### **(c) Market and interest rate risk (continued):**

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.

### **(d) 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.

## **12. Related party transactions:**

### **(a) Contribution from/to City of Richmond:**

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

Included in general and administration expenses are fees of \$204,451 (2016 - \$189,470) from the City for the provision of City staff time.

In 2017, \$104,185 (2016 - \$94,526) of salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed.

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 2017, the Corporation received a contribution from the City of \$3,377,146 (2016 - \$3,310,927).

### **(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 2017, \$100,000 (2016 - \$400,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2017, \$382,189 (2016 - \$616,386) has been included in deferred revenue (note 7) and \$334,197 (2016 - \$352,934) was recognized in memberships, admissions, and programs on the statement of operations.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 12. Related party transactions (continued):

### (b) Sport Hosting Function (continued):

The Corporation also received \$1,418,070 from the hotel tax funding in 2017 (2016 - \$500,000) to be used to purchase capital assets related to the Richmond Olympic Experience project. In order to retain this funding, the Oval must maintain and operate the capital assets purchased with these funds over the life of the capital assets. On an annual basis, the Oval must provide a report to the City as to the use of the funds and the maintenance and operation of these capital assets. As at year-end, \$3,945,186 (2016 - \$2,692,013) of the funds restricted for the purchase of capital assets for the Richmond Olympic Experience remains in deferred revenue and the revenue will be recognized over the life of the underlying assets.

### (c) Transfer of assets and liabilities from VROX:

On December 31, 2017, the assets and liabilities of VROX were transferred to the Corporation and recorded at their net book values (note 13).

## 13. Government partnership:

On November 29, 2017, the Corporation and VRX Ventures Ltd. ("VRX") entered into an agreement to dissolve VROX. VROX also entered into a Distribution and Assumption Agreement ("Agreement") with the Corporation. In accordance with the Agreement, VROX transferred all its assets and liabilities to the Corporation on December 31, 2017. The following table summarizes the net book value of the assets and liabilities of VROX prior to the transfer to the Corporation, and the 50% proportionate share of the assets and liabilities recorded by the Corporation at December 31, 2017:

	Net book value before dissolution	Oval's 50% proportionate share
Assets:		
Cash	\$ 30,638	\$ 15,319
Accounts receivable	1,444	722
Prepaid expenses	3,428	1,714
Inventory	97,109	48,555
Property and equipment	8,907	4,453
Intangible assets	22,058	11,029
	163,584	81,792
Liabilities:		
Accounts payable and accrued liabilities	49,937	24,969
Deferred revenue	41,051	20,525
	90,988	45,494
Net book value of assets and liabilities	\$ 72,596	\$ 36,298

The net amount of the assets acquired and liabilities assumed were recorded as wind-up costs on the financial statements of VROX, and recorded as a gain by the Corporation upon transfer.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 13. Government partnership (continued):

VROX's revenues during the year included transactions with the Corporation which have been eliminated on consolidation. This includes revenue pertaining to an operating contribution received from the Corporation of \$380,000 (2016 - \$195,560) and the cost of the maintenance services provided of \$30,000 (2016 - \$10,000). In 2016, these revenues also included the sale of sport simulators for \$263,000. No simulators were sold to the Corporation in 2017. 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 Corporation and VROX. These amounts are within the appropriate approvals provided by the Corporation's Board of Directors.

The financial results of the Corporation's 50% proportionate share in VROX reflecting adjustments necessary to arrive at the amounts included in the Corporation's financial statements is as follows:

	2017	2016
Financial position:		
Total assets	\$ 50	\$ 65,418
Total liabilities	-	(37,836)
Equity	\$ 50	\$ 27,582
Results of operations:		
Total revenues	\$ 928	\$ 852
Total expenses	(180,427)	(154,676)
Net expense for the year	\$ (179,499)	\$ (153,824)

## 14. Pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (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, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 \$506,170 (2016 - \$443,446) for employer contributions to the Plan in fiscal 2017.

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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## **14. Pension plan (continued):**

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.

## **15. Economic dependence:**

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

## **16. Comparative figures:**

Certain comparative figures have been reclassified to provide presentation consistency.

**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:

1. the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2017 to December 31, 2017, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 25, 2018 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 7, 2018;
2. in accordance with Article 14.1 of the Company's Articles, the following persons, each of whom has consented to act as a director, are hereby elected as directors of the Company, to hold office for the term ending immediately prior to the election or appointment of directors at the annual general meeting of the Company held in the year set out opposite their name below:

<u>Name</u>	<u>Term</u>
1) Dennis Skulsky	2019
2) Moray Keith	2019
3) Umendra Mital	2019
4) Tony Kwan	2019
5) Lisa Cowell	2019
6) George Duncan	2020
7) Peter German	2020
8) Gail Terry	2020
9) Dan Nomura	2020
10) Walter Soo	2020
11) Gary Collinge	2020

3. KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors;
4. the 2017 Annual Report of the Company is hereby received; and
5. June 4, 2018 be and is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of June 4, 2018.

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  
Metrotower I  
Suite 2400- 4710 Kingsway  
Burnaby, British Columbia  
V5H 4M2

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 4, 2018.

RICHMOND OLYMPIC OVAL  
CORPORATION

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George Duncan  
President & Chief Executive Officer

**APPENDIX E**

**RICHMOND OLYMPIC OVAL CORPORATION**

**2017 Annual Report**

# MORE THAN MEETS THE ICE

CNCL - 32  
(Special)

2017 ANNUAL  
REPORT



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## MESSAGE FROM THE CHAIR

On behalf of the Board of Directors, I am pleased to present to you the 2017 Annual Report of the Richmond Olympic Oval Corporation (the Oval).

Central to the role of the Board of Directors is the responsibility to keep the Oval focused and driven on becoming a centre of excellence for sports and wellness. Throughout 2017, the Board continued to engage with members of the management team, providing direction and business oversight, to deliver long term value for Oval stakeholders, customers, and the residents of Richmond. The Oval has continued to build on its foundation of financial sustainability and 2017's performance reflects that trend.

In 2016, when the City of Richmond Council elected to expand the Board from seven members to up to 13, seven new directors joined the Board. With this new expanded structure, the various Richmond perspectives were greater represented in 2017 board discussions. Also evident was the ability to thoroughly examine and discuss more sophisticated and challenging operational, financial and legal issues. The Board is well positioned to build on past accomplishments to make the Oval's successful post-Olympic Games operating legacy a best-practice model to be examined and replicated by future host cities.

We again delivered positive financial results in 2017 for our sole shareholder, the City of Richmond. An economic impact study prepared for the City of Richmond by KPMG shows the Oval has provided a major boost to the local and regional economies, generating more than \$300 million in gross domestic product (GDP) through its construction and ongoing operation. The Oval has also been a catalyst for \$3.8 billion in added property value within the surrounding neighbourhood. We generated \$234 million in GDP creating over 3,000 jobs. An additional \$19 million in ongoing total GDP is generated by the Oval; its operation supports 400 full-time equivalent jobs, including direct, indirect and induced employment.

Looking forward, the Board is confident that the Oval will continue to be successful due to the diversity and broad appeal of its programs and services, as well as, its ability to adapt to a changing marketplace.

In closing, I would like to take this opportunity to thank the members of the Board for their valuable contribution throughout the year. In turn, the Board extends its thanks to George Duncan, Chief Executive Officer, for his leadership and the staff for their daily commitment and hard work which drives our overall success.



**UMENDRA MITAL**

Interim Chair of the Board of Directors

## MESSAGE FROM THE CEO

### MARKING A DECADE IN OLYMPIC HISTORY

At the Richmond Olympic Oval (the Oval) our business has always been and will continue to be about people and earning the right to be their first choice for fitness, performance and wellness training. We aim to deliver excellent service, meaningful interactions and personalized, life-long client relationships. Whether it is their day-to-day personal training needs or their long-term wellness goals, we want to continue to be the best, so that they can perform at their best.

This extraordinary journey began on December 12, 2008 when the Oval opened fourteen months in advance of the Games, providing access to a state-of-the-art venue to both the public and high-performance athletes.

Today, I am privileged to lead a phenomenal team of hardworking individuals, sharing a commitment beyond Oval's decade-long legacy. Our achievements throughout 2017 reflects what we stand for and what we seek to accomplish together, every day. From strong financial performance, to our ongoing investments in delivering exceptional experiences, we can be proud of our achievements and in particular of the positive impact the Oval is having on the City of Richmond.

I am extremely excited for the opportunities that lie ahead. On behalf of my colleagues, I am honoured to share a few of our successes and achievements throughout 2017:

- The staff's contributions and volunteer work within the community included the Oval team's volunteer work at the Richmond Food Bank, the Sharing Farm and Forever Young 8K event. Additionally, Oval Volunteers volunteered over 12,000 hours in 2017.
- An Economic Impact Study completed by KPMG on behalf of the City of Richmond highlights the economic boost the Oval has provided to the local and regional communities.
- 57,350 high performance athlete training sessions were completed in 2017. Since March of 2012, over 234,350 athlete training sessions have been completed. These sessions are aligned with the Corporation's legacy goal of supporting high performance sport.
- Community Sport saw a record breaking 8,273 sport registrations in 2017 – a 15% increase over 2016.
- The Fédération Internationale de Volleyball (FIVB) World Grand Prix Volleyball tournament was held at the Oval in July. An 1800 seat stadium was constructed in the Oval's track zone and sold

out crowds cheered Canada on. Online streaming exceeded 300,000 views over the three-day event.

- The growth and success of the Oval's partnership with Yyoga for yoga programming and the Oval's youth summer camps programs, are two such examples. The Oval is continuing to diversify its offerings to achieve its legacy goal of being the desired location for community sport, health and wellness.
- The Volleyball Canada's Women's National Team officially moved into their new home at the Richmond Olympic Oval. The first selection camp ran from May 8 – 12. The volleyball athletes are joining an existing community of national team athletes from various sports who use the training services, facilities and programs available at the Oval.
- The Oval has had over one million visitors in 2017 and was ranked the 3rd busiest tourist attraction in the lower mainland by Business in Vancouver (BIV). The Olympic Experience and the 50+ sport events hosted at the Oval brought visitors from all over the world in 2017. The Oval welcomed delegations of various faculties from China and Korea to tour the facility and learn about Olympic legacy planning in preparation for the 2018, 2020 and 2022 Olympic Games.

Our ongoing commitment is to continually strive to build on this great legacy for the residents of Richmond and other communities, our Canadian athletes and anyone who wishes to train at the Oval.

I would like to thank my team of dedicated employees who deliver beyond expectations on programs and services offered 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 of Richmond.**

**CNCL - 34  
(Special)**



**RICHMOND OLYMPIC OVAL**

## **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



**stuartolson** **Lehigh Hanson**  
HEIDELBERGCEMENT Group

RICHMOND OLYMPIC EXPERIENCE

**ASPAC**  
World Class Communities



# ESTABLISHING POSITIVE BRAND AWARENESS

Q1

CNCL - 35  
(Special)





# THIRD BUSIEST TOURIST ATTRACTION IN BRITISH COLUMBIA

CNCT 36  
(Special)

**1,010,000**  
Visitations in 2017

**9.1%**  
over 2016

**BUSINESS  
VANCOUVER**







## 07/01 STEVESTON SALMON FESTIVAL

The Oval's activation at the ninth annual Steveston Salmon Festival helped to boost awareness of the Oval's community based programs and services. Thousands of Richmond residents attend the festival where the Oval's booth drew long line ups. Activation created additional exposure for partners LifeMark, Telus and Yyoga. A new passport stamp challenge was introduced in 2017 and the Olympic Experience was part of the Salmon Festival parade.



06/19

## 2020 CARHA HOCKEY WORLD CUP ANNOUNCEMENT

On Jun 19, the Canadian Adult Recreation Hockey Association (CARHA) announced that Richmond, BC would be the Host City for the 2020 CARHA Hockey World Cup. The world renowned CARHA Hockey World Cup is the largest international adult recreational hockey tournament in the world. Organized every four years in a select Canadian city, Richmond was selected from three finalist communities, including Quebec City, Quebec and Regina, Saskatchewan. The event has been labelled the "Olympics" of recreational hockey. It is expected that over 120 adult recreational hockey teams from 15 countries will compete at the Oval and other Richmond arenas, March 29 to April 5, 2020.

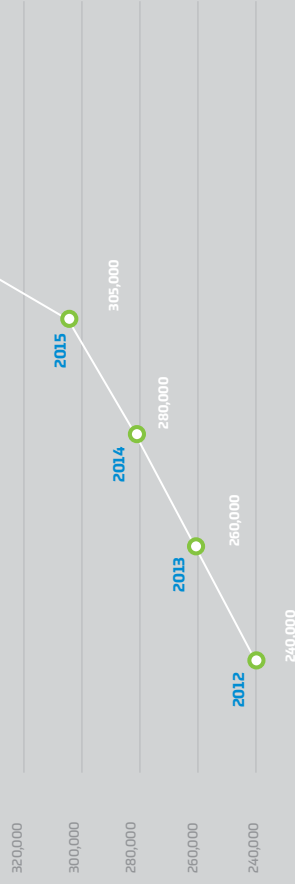


## 09/25 ANNUAL BC FIELD TRIP FAIR

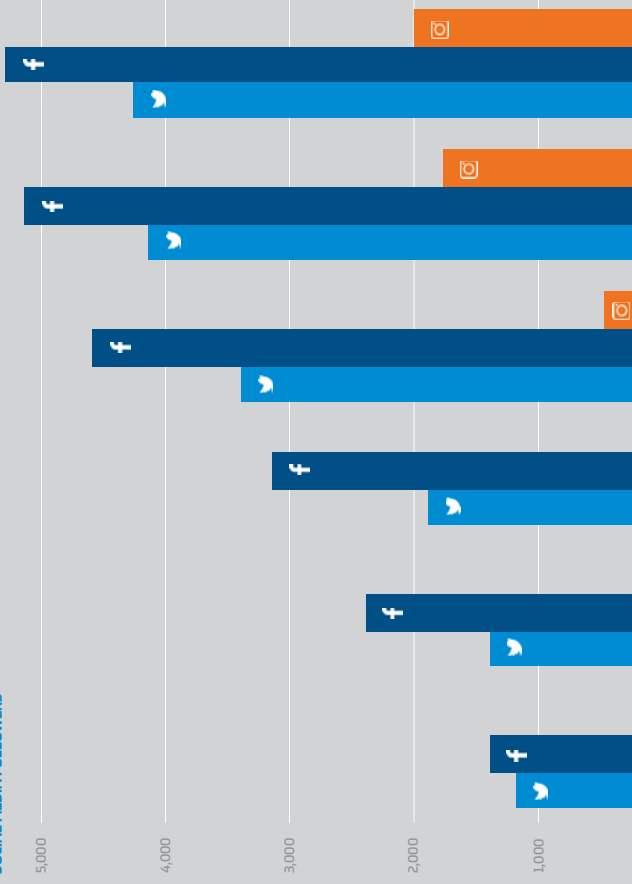
The Richmond Oval hosted the 15th annual BC Field Trip fair in September 2017. The event brought 600 teachers to the Oval to preview programming, available from 60 exhibitors, including the Richmond Olympic Experience (ROX). This important event increased awareness of the ROX's curriculum based Olympic Museum field trip options.

# 2017 WEBSITE AND SOCIAL MEDIA STATS

## WEBSITE VISITS



## SOCIAL MEDIA FOLLOWERS



## OLYMPIC DAY

On June 9, Canadian Olympians, in conjunction with the Richmond Olympic Oval, Olympic Experience, ViaSport, BC Sports Hall of Fame and Canadian Tire Corporation, celebrated Olympic Day with over 2,500 students. Olympic Day is a great opportunity for children and youth to discover and try a new sport, while inspiring them to find their own Olympic journey. With Olympians in attendance, it also provides participants the opportunity to engage with their Olympic

heroes and their sport role models. Students enjoyed many sports including wheelchair rugby, wheelchair basketball, golf, volleyball, basketball, athletics, rhythmic gymnastics, speed skating, table tennis, ringette, bobsleigh and rock climbing. International Olympic Day is celebrated annually worldwide, in honour of the founding of the modern Olympic Games and is a way to create awareness of the Olympic Movement and the Olympic values.



**CNCL : 38  
(Special)**



During climbing week in November 2017, the Oval hosted its first ever Vancouver International Mountain Film Festival (VIMFF) event. Participants enjoyed a Learn to Climb course, clinics and refined their skills on Metro Vancouver's tallest climbing wall. The Best of the Film Festival featured inspiring mountain biking, climbing, travelling and surfing films that left people dreaming of their next adventure! Patrons got to meet professional climbers and enjoyed complimentary craft beer tastings.





## AWARDS AND RECOGNITIONS



**In May 2017, The Rick Hansen Foundation announced the City of Richmond as a winner of its Accessible Cities Award. As part of the Award, the Richmond Olympic Oval was inducted into the Award's Circle of Excellence and was recognized as one of five spaces across Canada that exemplify best practices towards universal access.**

For a complete list of awards, go to appendix C



The Oval's progressive design and investment in accessibility enhancements has contributed to the facility becoming a training hub for provincial, NextGen and National level wheelchair and para athletes.





## GIVING BACK TO THE COMMUNITY

Richmond Olympic Oval staff were regular Thursday night volunteers at the Richmond Food Bank Society. Cross department teams volunteered at the Cedarbridge Way location. The Richmond Food Bank gives healthy and nutritionally-balanced food to more than 1400 people in a typical week.

The Oval staff organized and completed a coat drive in the winter of 2017. Seven boxes of coats, predominately for children and women, were collected and delivered to Chimo Community Services, a Richmond based non-profit organization serving people in crisis and transition.

In June, the Sharing Farm played host to the 6th Annual Richmond Day of Caring. Organized by Richmond Cares, Richmond Gives (RCRG), Oval staff volunteered alongside employees from Back in Motion, TD Bank, the Richmond RCMP, Ignite the Warmth Society, the Richmond News, and the City of Richmond Public Works Department. The Sharing Farm donates its produce to the Richmond Food Bank and other community meal programs.

## SETTING AN EXAMPLE FOR THE WORLD (Special)

To learn about legacy planning in preparation for 2018, 2020 and 2022 Olympic Games, the Oval was visited and toured in 2017 by Olympic Winter Games delegations from Hebei, Beijing, Bloomage Biotechnology China, representatives from the Korean Institute of Sports Science, researchers from Korean Sport Promotion Foundation and the Hyundai Research Institute.

## NBA STARS HOST OVAL BASKETBALL CAMPS

The Oval hosted the NBA Kelly Olynyk-Skills Clinic in July 2017. Joining the former B.C. high school basketball star and Miami Heat member was Danny Green of the San Antonio Spurs. Campers were put through drills focused on improving ball-handling, shooting, passing and defense during the two-day session.



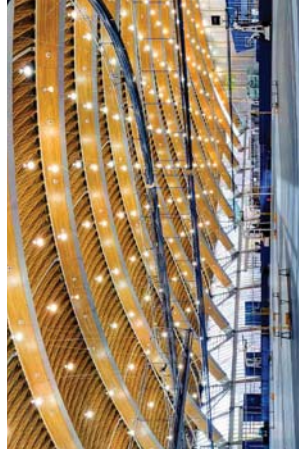
10/04 – 10/06



OWN THE PODIUM SPORT INNOVATION SUMMIT

## The 12th annual conference brought 300+ sport science and medicine experts from around the globe together at the Oval to share knowledge and tools to nurture future Olympic and Paralympic sport success.

Feature on the OTP Spin Summit: The Own the Podium Sport Innovation (SPIN) Summit is Canada's leading-edge symposium for professional development and networking in the areas of applied sport science, sport's medicine, and innovation. The SPIN Summit was held in Richmond at the Oval and the Sheraton Hotel October 4-6. The conference included a full day of applied workshops at the Richmond Olympic Oval. The 12th annual conference brought 300+ sport science and medicine experts from around the globe together at the Oval to share knowledge and tools to nurture future Olympic and Paralympic sport success through technological and scientific research.



## BEST PRACTICE FOR WOOD CONSTRUCTION

The Oval was a popular destination toured by architecture and engineering groups interested in the Oval's construction and use of wood. Groups included Kelly McCloskey Australian architects, UBC School of Architecture and Landscape Architecture, UBC Department of Wood Science, BC Council of Forest Industries and Wood WORKS! BC.



## CANADIAN NATIONAL VOLLEYBALL TEAM FINDS A NEW HOME IN RICHMOND



Vancouver already hosts a lot of Olympic athletes, summer and winter, who use this as their training base, but a new tenant has arrived at the Richmond Oval. The Canadian women's national volleyball team just moved in, hoping it will help turn around a program that could use a fresh start.

## SPEED SKATING RETURNS TO OLYMPIC OVAL



The V-Room Challenge III will feature 160 short track speed skaters competing at the Richmond Olympic Oval.

## ROCKING MORNING WITH CITYTV HOST RIAZ MEGHJI AS WE PLAY WITH FUNCTIONAL FITNESS



Big thank you to OvalHP and Richmond Oval for letting me and Riaz Meghji play with their gear this morning! - @daimanuel

### THE GLOBE AND MAIL

## CHINA LOOKS TO NORTH AMERICA IN QUEST TO BECOME HOCKEY POWER

Oval Athletes Leah Lum and Emily Costales were invited to Team China's Exposure Camp for Beijing 2022.



## HEAD OF THE CLASS 2017: KIERA VAN RYK

Van Ryk found herself as one of just three Canadian high school seniors invited to full tryouts with the senior national team at the Richmond Oval. And there, in the greatest training environment her country affords, she could see her future self in the actions of the nation's veteran players.

## 150 SEMINAL MOMENTS IN RICHMOND



Dec. 12, 2008 - The Richmond Olympic Oval opens and becomes a corporate subsidiary of the City of Richmond, as it enters into a longstanding partnership with the International Olympic Committee.

## CBC CANADA CONCLUDES VOLLEYBALL GRAND PRIX WITH LOSS TO CZECH REPUBLIC



## ITF TAEKWONDO PROVINCIAL CHAMPIONSHIPS A HIT AT OVAL

It was an action-packed weekend at the Richmond Olympic Oval for the 2017 ITF Taekwondo Provincial Championships that saw athletes compete in a variety of categories.

Despite the loss, Canada's three-win campaign is the top World Grand Prix performance in the program's history.

# BECOMING VALUED BY THE COMMUNITY AND ITS EMPLOYEES

CNCL - 42  
(Special)

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

**In 2017, the Oval  
hosted six member-  
appreciation events  
and challenges to  
help build community  
amongst members  
and staff as well  
as to communicate  
the Corporation's  
appreciation to our  
loyal members.**

**CNCL - 43  
(Special)**



**06/28**

## **WE WILL MISS YOU RHONDA!**

The Corporation hosted a fitness event to recognize the 7-year contribution and impact of Rhonda Bourne, a group fitness instructor and personal trainer who positively impacted the health and well-being of hundreds of Oval members and clients. 100+ staff and Oval members participated in Rhonda's final group fitness class taught at the Oval. Members and staff spoke to recognize Rhonda for her impact, contribution and friendship.



**08/26**

## **JOHN DUMONT 3X3 BASKETBALL CLASSIC**

Established in 2016, the John Dumont 3x3 Basketball Classic started after the sudden passing of Richmond resident John Dumont to raise funds for his young sons. It is a full day of competitive basketball for U17, U15, U13, U11/12 and High School Girls with a BBQ for all the participants to enjoy on the Olympic Riverside Plaza.

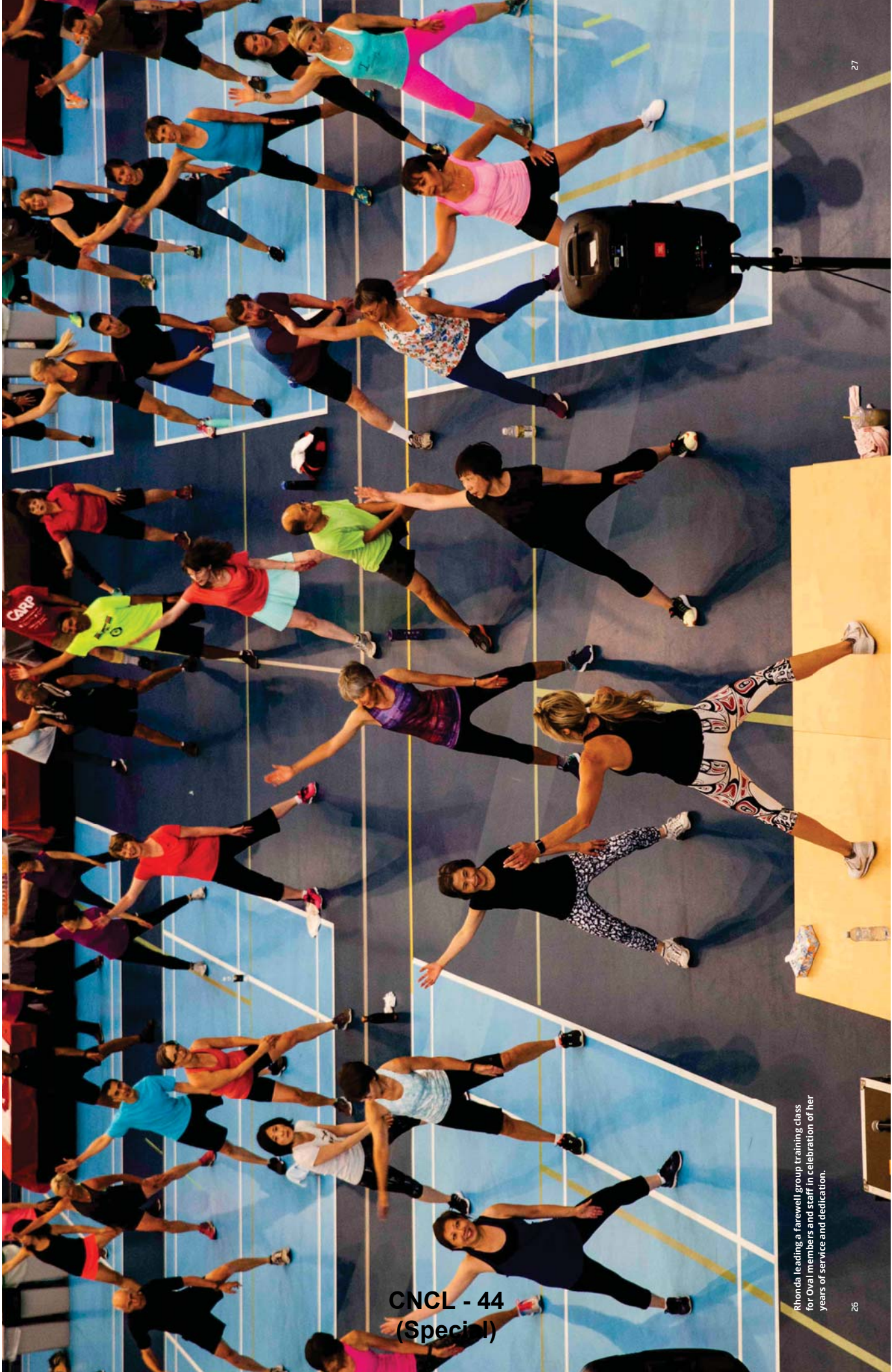


**09/10**

## **FOREVER YOUNG 8K**

The Oval co-produced the Forever Young 8k (FY8K) race in collaboration with John Young who founded the annual event. The FY8K serves to promote senior health and fitness and had over 250 racers ages 55 to 90. An amount of \$3,500 of the proceeds were donated to Dream On Seniors' Wish Foundation which helps seniors realize dreams like arranging for a WWII veteran to fly in a Harvard plane again.





CNCL - 44  
(Special)

Rhonda leading a farewell group training class for Oval members and staff in celebration of her years of service and dedication.



# Thank you to our amazing volunteers!

Oval Volunteers gave over 12,000 hours in 2017 to programs including The Olympic Experience, Oval Ambassador program, Olympic Oval Sport Camps, and Education ROX. A volunteer program launched in conjunction with the Olympic Experience museum at the Richmond Olympic Oval has resulted in tremendous community support from local volunteers interested in being involved in the Olympic movement.



HOWARD SMYTHE



JOHN HOPKINS

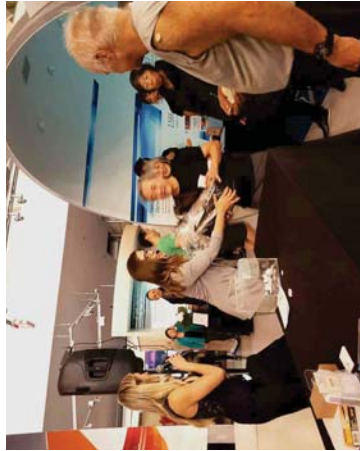


JOHN YOUNG

Howard Smythe was honoured at the 2017 Annual Volunteer Recognition event for having given over 1000 hours of service to the Olympic Oval. He joins Oval volunteers John Hopkins and John Young in the 1000-hour club. The three have been with the Olympic Oval since the 2010 Olympic Winter Games. They set a wonderful example of leadership and service, inspiring others to continue their involvement.

“As one of the many volunteers at Richmond Olympic Oval, I can say with pride, it has been and continues to be a privilege and honour to show others what a special jewel we have in our community.”

JOHN HOPKINS, NOV 2017



11/17

## UNWIND - A MEMBER APPRECIATION EVENT

The Fitness & Wellness department in collaboration with the Member Care department hosted Unwind, a member appreciation evening. The evening attracted 215 members to the ROX where Richmond vendors including New Balance, Yyoga, Freshii, Fuggies & Warlock, Butter Organics and the OCalé had booths. The evening ended with a Yoga cohosted candlelight yoga class in the Legacy Suite.



## ROTARY SKATES FOR THE WORLD

Rotary Skates for the World is organized by the Rotary Club of Richmond Sunset to raise funds for an orphanage in Beifwe, South Africa. The Oval donated the ice time for the event and looks forward to supporting the Rotary Club in 2018 as they continue to support Rotary projects locally and internationally.

CNCL 46  
(Special)



30

### ATHLETES

**ARJAN SINGH  
BHULLAR**

2010 Commonwealth Games  
Gold Medalist

**ANDREW  
MAVIS**

2000 Olympic  
Athlete

**DARCY  
MARQUARDT**

2012 Olympic Silver Medalist and  
2006 World Champion

**BRIAN  
JOHNS**

2010 Commonwealth Games  
Gold Medalist

**JENNIFER  
JOYCE**

2006 Commonwealth Games  
Silver Medalist

# RICHMOND SPORT WALL OFF FAME

Nine outstanding individuals were inducted into the Richmond Sports Wall of Fame on Saturday, November 18, 2017 at Richmond City Hall. Originally launched in 2015, The Wall honours individuals and teams who have played significant roles in building Richmond's sports community and/or excelled at their sport.

### COACHES

**GLENN  
KISHI**

Two-Time Junior Football Provincial  
Champion Coach

**NANCY  
CAREY**

30 years of service as a  
Volunteer, Administrator and  
Coach of Girls Field Hockey

### OFFICIAL

**KANWAL SINGH  
NEEL**

Outstanding Contribution  
to Amateur Sport as an  
International Athletics Official

31

# 03 SUPPORTING HIGH PERFORMANCE

The Richmond Olympic Oval's High Performance (HP) programs and services fuel sustainable Canadian sport excellence on the local and international stage.

Oval HP builds better athletes of all ages through the provision of world-class technical coaching, strength and conditioning, mental performance and nutrition optimization services. Oval HP supports Canada's top athletes who are at, or are striving for the podium.

OVALHP



# The Oval's High Performance Training Program continues to train and provide coaching and sport science services to community, provincial, national, Olympic and Paralympic athletes.

CNCL - 48  
(Special)

## NEXTGEN

In 2017, Field Hockey Canada, Volleyball Canada, and Canadian Wheelchair Sports Association (Wheelchair Rugby Canada) engaged the Oval's High Performance Department to train and service their targeted NextGen athletes.

In June 2017, the Department of Canadian Heritage released a report reviewing the current system of funding Canadian high performance sport. The report included a recommendation to provide more sustainable funding to athletes, five to eight years from their peak performances. This group represents Canada's medallists of the future and is termed 'NextGen'. The federal government committed \$5 million annually for four years to fund NextGen athletes.

The Oval has experienced considerable success in being a key contributor to Canada's high performance sport community. The Oval maintains an ongoing dialogue with community, provincial and national sport organizations to ensure that the Oval is accessible, is best equipped to meet the training and competition needs of current and future national team athletes, and to ensure the facility is maintained to the standards expected of a national sports centre.

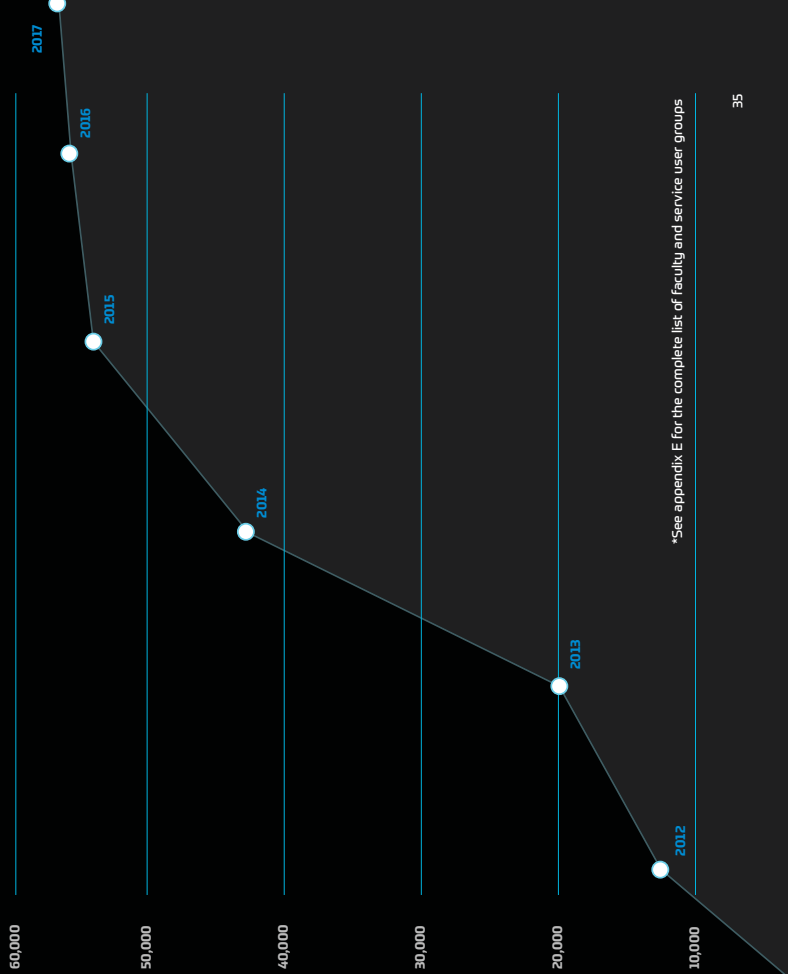
Since opening a dedicated High Performance Training Centre in March of 2012, approximately 234,350 training sessions have been completed at the Oval, 57,350 of which occurred in 2017.

**234,350**  
Training sessions completed

**45**  
Number of national, provincial, and local sport associations represented by athletes who used Oval High Performance services and facilities during 2017\*

**13**  
Training camps and clinics hosted by Oval High Performance\*

Athlete training sessions



\*See appendix E for the complete list of faculty and service user groups

# NEW HOME OF THE CANADIAN WOMEN'S NATIONAL VOLLEYBALL PROGRAM.

**"Following the largest women's selection camp ever, our program will undoubtedly see a new beginning in its new training centre in Richmond."**

John Boucher, Volleyball Canada High Performance Director



The Volleyball Canada's Women's National Team selection camp ran May 8-12 at the Richmond Olympic Oval. The first selection camp at the program's new home was one of the largest in the history of the program with 60 athletes travelling to Richmond to earn a spot on the national team roster. This successful event involved significant collaboration between Oval and Volleyball Canada staff including the completion of performance testing led by Matt Fisher, the Oval's Head Strength and Conditioning Coach. The final selections for the National Team were completed on May 12 with 27 players being named to the roster.

The team's first training session occurred on May 15. The Women's National Team Program ran year-round with July and August being key competition months for the National A Team and October to April 2018 focusing on NextGen Programming and player development.

Oval staff have collaborated extensively with Volleyball Canada throughout 2017 on the coordination of facilities and the delivery of services. Volleyball Canada's use of the Oval's facility and services during 2017 has been significant. The Oval's High Performance staff have supported the program through the provision of performance testing and strength and conditioning services. Oval High Performance staff were involved in the search and hiring of the team's athletic therapists and facilitated the integration of Volleyball Canada sport medical with the LifeMark clinic. Access to medical imaging was arranged through Richmond based Priority MRI.



## ATHLETE ACHIEVEMENTS

**Volleyball Canada Women's National Team finished first overall and picked up 7 awards at the NORCECA World Championship Qualifier**

**ALEXA GRAY** Most Valuable Player, Best Scorer, Best Opposite

**MARIE-ALEX BÉLANGER** Best Server

**KRISTEN MONCKS** Best Digger

**KYLA RICHEY** Best Receiver

**MEGAN CYR** Best Setter



# WHEELCHAIR RUGBY CANADA

Throughout 2017, the Corporation has continued to collaborate with wheelchair sports associations both at the provincial and national level. In 2017, the Canadian Wheelchair Sports Association (CWSA), designated the Richmond Oval as the National Training Centre for Wheelchair Rugby in Canada. An agreement was signed in April formalizing the designation. Under the Oval roof, the National team athletes efficiently complete strength and conditioning, performance analysis work in the Canadian Sport Institute Lab and on court technical work. The team eats at the Ocafé following practices and utilizes the wheelchair storage recently built for them.



**ATHLETE ACHIEVEMENTS**  
**Wheelchair Rugby**  
**National team WWRC**  
**Test Event - 4th place**

## Wheelchair Rugby National team IWRF Americas Championship - 2nd Place



▲ **Trevor Hirschfield and Travis Murao named All Stars and MVP at the Canadian Wheelchair Rugby Championship**

# TABLE TENNIS CANADA



The Corporation continues to collaborate closely with Table Tennis Canada on initiatives related to high performance and youth development performance programs. Oval programs are designed and delivered to align with national coaching standards, programming best practices and the Table Tennis Canada Long Term Athlete Development model.

In 2017, the Oval signed an agreement with Citius Table Tennis club to collaborate on the delivery of technical training and high performance services. Cindy Wang, head coach and Director of Citius, and her team of coaches work with development, NextGen and Table Tennis Canada National team squad athletes including Edison Huang, Laura Lai and Mo Zhang. The club focuses on systematic training and practical competition experience is aligned with the objectives of the partnership between Table Tennis Canada and the Oval.

## CANADA CUP #1

### ATHLETE ACHIEVEMENTS



#### GU MENG & EDISON HUANG

Gold in Open

#### CINDY WANG

Gold in Women's Single

#### EDISON HUANG

9th in Men's Single and 2nd for U15

#### GU MENG

Gold in Men's Single

#### BENITA ZHOU

5th place in Women's Single and 1st for U15

### ATHLETE ACHIEVEMENTS

## NATHAN UY

◇ Placed 1st in U200 and 2nd in U400 at the BC Table Tennis Association Richmond Open in Feb 2018

# NOTABLE ATHLETE ACHIEVEMENTS

See appendix D for other notable athlete achievements



IAN RYDER WINS GOLD  
IN CANADIAN NATIONAL  
CHAMPIONSHIPS  
AND SILVER IN JUDO  
CANADA NATIONAL  
CHAMPIONSHIPS



## MADDOX ANGERHOFER

Selected to the U18 USA National Development Team

## COURTNEY VORSTER

- Named to the U18 Women's National Hockey team which competed at the 2018 IIHF U18 Women's World Championship
- Named team captain for Team BC
- U18 Nationals - Bronze medal

## KATE STUART

- U18 Team BC goalie named team captain for Team BC
- Invited to Team Canada National Selection Camp
- Committed to Boston University



## GENNY KNOWLES NAMED TO THE KOREAN WOMEN'S NATIONAL TEAM PLAYING IN PYEONGCHANG 2018



HANNAH  
FINKELSTEIN  
NAMED TO THE  
JUNIOR NATIONAL  
SOFTBALL TEAM  
AND RECEIVED  
A FULL-RIDE  
SCHOLARSHIP  
TO LONG ISLAND  
UNIVERSITY







# SHORT TRACK SPEED SKATING

The Oval's short track speed skating programming continued to grow in 2017 with an expansion to include more training times for athletes in the Performance Speed Skating Program. The Oval delivered its second year of the BC Speed Skating Association (BCSSA) academy program which was originally developed by C.V.C. High Performance staff. Academy numbers grew from 16 skaters in 2015 to 25 skaters in 2017. Skaters from across the lower mainland were provided on-ice technical coaching, strength and conditioning training, sport psychology and sport nutrition education.

Academy skaters **25** ▲ **+09** over 2016

## ATHLETE ACHIEVEMENTS

# WESTERN ELITE CIRCUIT IN CALGARY

**KIERSTEN HAGEN**

3<sup>rd</sup> place

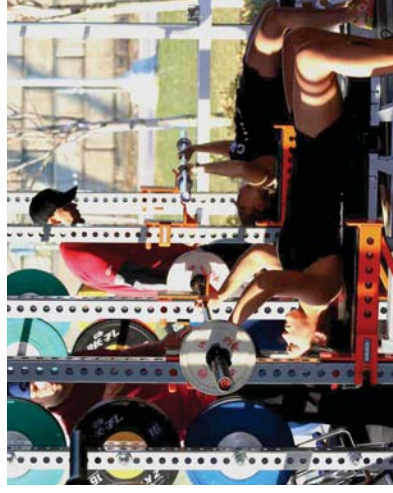
**CHRIS POLJER-SO**

8<sup>th</sup> place

# CAN AM INTERNATIONAL LONG TRACK COMPETITION

ANDERS JOHNSON 12<sup>TH</sup> IN CANADA, 3<sup>rd</sup> IN BC

# INTEGRATED SCHOOL MODEL



## Richmond Virtual School and Oval High Performance

The Corporation partnered with the Richmond Virtual School (RVS) to offer a distributed learning secondary school program which successfully combines online and face-to-face interaction for high performance athletes training at the Oval. High performance student athletes are eligible to receive secondary school credits by completing over 100 hours of training at the Oval in 2017.

# PARALYMPIAN SEARCH



The Richmond Oval hosted the first Paralympian Search in B.C. on October 22. Paralympian Search is a program designed to identify future potential Paralympic athletes. The event offered people with a disability, the chance to test their performance abilities and discover opportunities in Paralympic sports. Twelve participants attempted exercises that tested their speed, strength and agility under the supervision of national team coaches and Paralympic sport high performance experts.





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

CNCL - 53  
(Special)



The most popular services in this department continue to be personal and small group training sessions.

CNCL - 54  
(Special)

# FITNESS

The year 2017 saw the launch of many new Fitness and Wellness programs designed to cater to the Oval member base. New programs included Women on Weights, Y Ride (Cycle & Yoga), Lift, Barre fitness, TRX-HiIT and TRX Strong. The fitness mezzanine area saw a growth in visitations with more teens completing the orientation.

Personal and small group training sessions continued to be an area of growth in 2017. The Oval personal training team delivered over 4600 private training sessions, introducing 120 new clients to personal training. Corrective exercise services delivered by an Oval Kinesiologist also grew in 2017.

The Oval Fitness and Wellness department hosted the Sun Run InTraining clinics and was a lower mainland certification and education site for TRX instructor trainings.

120 New personal training clients

4,600 Private training session delivered

# COMMUNITY SPORT

Community Sport saw record breaking sport registrations for 2017. There was a total of 8,273 registrants in Community Sport Registered Programs, Camps, and Private Lessons (Climbing, Ice, and Court Sports) compared to 7,038 registrants in 2016. The majority of these registrations are Richmond residents.

2017 Summer Camp recorded the highest registration number ever. A total of 1,822 registrations were reached by utilization of outdoor and off-site spaces. Get Skills, our marquee physical literacy camp, continues to be the most popular along with fencing.

CNCL - 55  
(Special)

## COMMUNITY SPORT 2017 HIGHLIGHTS

# 14,000

Hours of activity  
level time rented out

## The following Richmond based organizations and groups used the Oval:

### RICHMOND GROUPS

Air Attack Volleyball  
Aurora Rhythmic Gymnastics  
Countryside Skating Club  
DRIVE Basketball  
Kajaks Track and Field  
Royal Canadian Air Cadets 655 Squadron  
609 Stevenson Squadron  
Prime Badminton Academy  
Richmond Minor Hockey Association  
Richmond FC  
Richmond Girls Soccer  
Richmond Field Lacrosse  
Richmond Ravens Female Ice Hockey  
Richmond Rugby  
Richmond Rockets Speed Skating Club  
Richmond South Delta Minor Ball Hockey Association  
Richmond Vancouver Sports Association  
Shoreline Karate  
Seafair Minor Hockey Association (ice rental & high performance services)  
Selects Hockey BC  
Vancouver HI Society

Yogi Elite Hockey  
15 Individual Richmond Soccer Teams due to January lockdown weather  
Richmond City Baseball  
Richmond Evangelical Church

### HIGH RICHMOND PARTICIPATION GROUPS

NCHL  
Urban Rec  
Greater Vancouver Canadians  
Aurora Rhythmic Gymnastics  
Brazilian Soccer Schools  
John M.S. Lecky UBC Boathouse  
Metro Basketball  
Focus Volleyball  
BC Aboriginal Athletic Association  
Orchard Running Clinic  
Field Hockey BC  
Vancouver Community Baseball  
Asahi Baseball Association  
Pentastar  
BC Wheelchair Association

Independent Schools Association of British Columbia  
Special Olympics BC  
Vancouver Hawks Field Hockey Club  
Feng Li Basketball Club  
Richmond Vancouver Sports Association  
Vancouver Futsal Association  
BC Hockey  
Volleyball BC  
Big Brothers of Greater Vancouver  
Vancouver Bowling Club  
The Century Dragons  
Dragon Boat Canada U16/U18 National Team  
Raise a Little Swole  
Abreast in a Boat  
False Creek Biking Canoe Club  
Paddle Pushers Dragon Boating Team  
Braylin Dragons  
FLCC Fortified and Sundragns  
Vancouver College  
St. George's  
UBC Novice Women  
University of Fraser Valley

# 8,273

15%  
OVER 2016

# 38

SMALL SPORTING EVENTS

## Sport registrations in Camps, and Private Lessons

Small sporting events executed by  
Community sport including Sports Day,  
Urban Rec Volleyball Tournaments,  
and Richmond Minor Midget Hockey  
Tournament and more.

# The Oval's Rowing and Paddling Centre served as a centre for performance and community use during 2017.

Rowing athletes from the John M.S. Lecky Boathouse, UBC Novice Women's Program, Vancouver College, St. George's, Vancouver Rowing Club and University of the Fraser Valley utilized the tank for training. The tank, which can be modified for Dragon Boat practice was also utilized by Dragon Boat Canada's U16/U18 National Team, Raise a Little Swell, Abreast in a Boat, False Creek Racing Canoe Club, Paddle Pushers Dragon Boating Team, Braggins' Dragons and the FLCC Fortified and Sundragons.



CNCL - 56  
(Special)

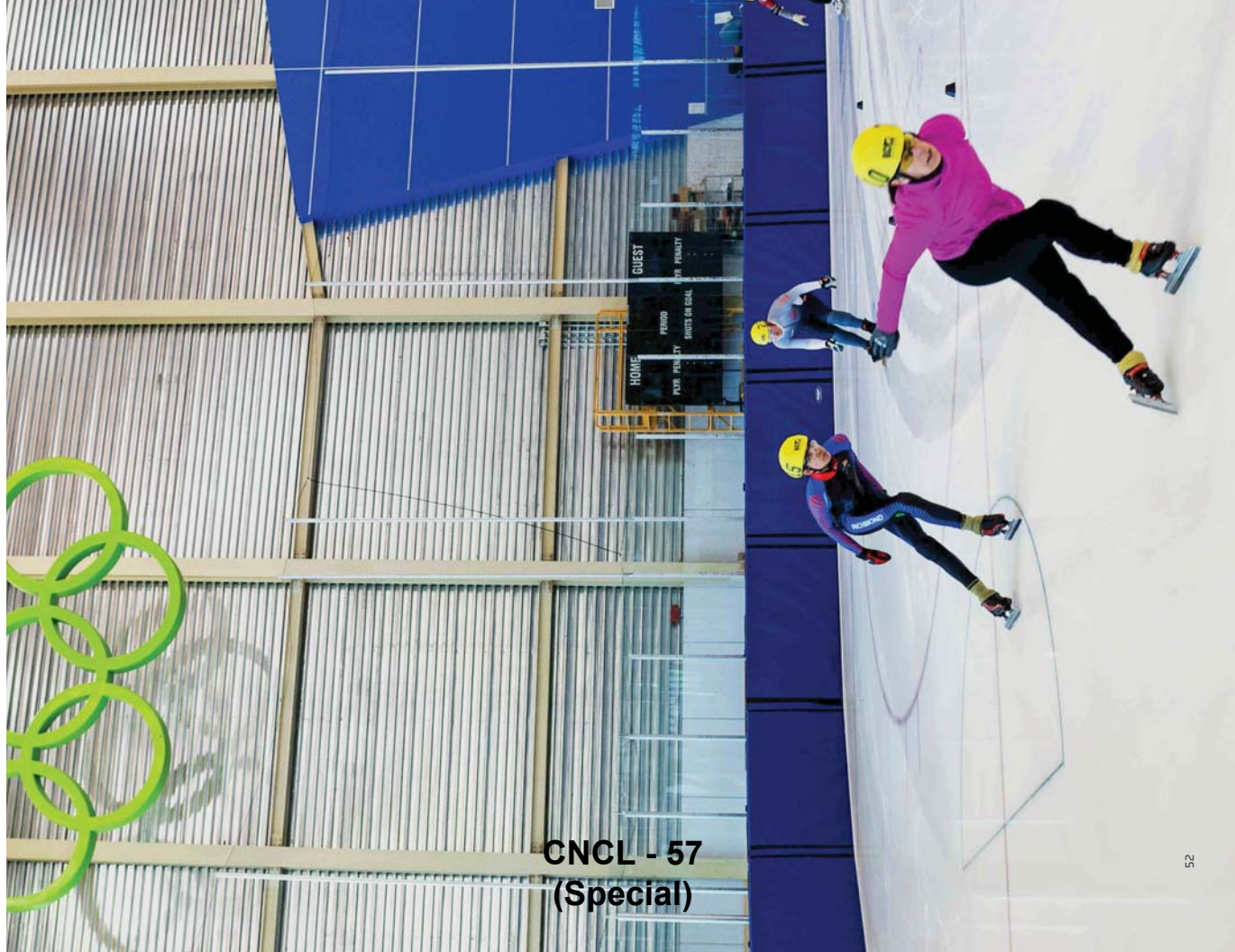
# BCRPA FITNESS LEADER OF THE YEAR AWARD



LYNN WALTERS  
Oval Fitness and Wellness Team Member

Lynn Walters, Fitness and Wellness team member, won the 2017 BCRPA Fitness Leader of the Year Award and was officially recognized by her BCRPA peers at the 2017 BCFit Conference this Year. Lynn volunteered countless hours in the Richmond Community and her contributions to the Oval staff culture and member community is significant and ongoing.





CNCL - 57  
(Special)

## COMMUNITY SPORT

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



## GREATER VANCOUVER CANADIANS AND BC HOCKEY PARTNERSHIP

The Oval is the home of the Greater Vancouver Canadians Major Midget Hockey team. This year-round agreement combines ice, team room and high performance centre rental, games, training camps, and team building activities. The team includes up and coming stars including Richmond residents Tyler Horstmann, Hayden Hurst, Vincent Thrum, Hayden Tuba, and Van Lupien.

## SPORT CLIMBING BC COMPETITION HOSTING

Delivered in partnership with Sport Climbing BC, the 2017 "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 with 2017 having 100 competitors.



## RICHMOND ROCKETS PARTNERSHIP

The Oval continues to foster a strong relationship/partnership with the Richmond Rockets Speedskating Club to ensure alignment in the promotion and delivery of essential grassroots short track programs in Richmond and Vancouver. The agreement includes ice usage, marketing support, event hosting and technical coaching mentorship and planning supported by Oval Coaches Yan Yan and David Morrison. 2017 was the Rockets most successful year to date, placing 5 skaters on the BC Winter Games teams, a best ever for the club.

## 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 includes 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 2017. This ice was utilized by Richmond groups including Seafair Minor Hockey Association, Richmond Ravens Female Hockey Association and Connaught Skating Club.

# EVENTS HIGHLIGHTS

CNCL - 58  
(Special)



# FIVB GRAND PRELIM

CNCL - 59  
(Special)





CNCL - 60  
(Special)



The FIVB World Grand Prix Volleyball tournament was held at the Oval July 21-23. This was the first time the team played a World Grand Prix in Canada. An 1800 seat stadium was constructed in the Oval's track zone and sold out crowds cheered on Canada as they competed against Germany, Peru and Czech Republic. Canada's three-win campaign is the top World Grand Prix performance in the program's history. Online streaming views exceeded 300,000 over the three-day event. Oval staff played a key role in the organization, promotion and delivery of this prestigious event.

Countries represented **4**

Attendance **5,400<sup>+</sup>**

Online streaming views **300,000<sup>+</sup>**



# GLOBAL CHAMPIONSHIPS KARATE-DO GOJU-KAI

CNCL - 61  
(Special)





Nearly 600 athletes from more than 20 countries competed at the Karate-do Goju-kai Global Championships in 2017. The Karate-do Goju-kai Global Championships take place every four years. This is the seventh time the martial arts event has been held and the first time the tournament was in North America. Over 1500 spectators visited the Oval each day to witness athletes ages 6 to 60 compete.



Countries represented **20**

Age of competitors **6-60 yrs**

Spectators **4,500**

# FOREVER YOUNG 8K

CNCL - 63  
(Special)







CNCL - 64  
(Special)



In 2017, the FY8K moved from Garry Point to the Richmond Olympic Oval Riverside Plaza and teamed up with Oval staff to produce this exciting 55+ Seniors 8K. This BC Athletics sanctioned run attracted over 250 seniors aged 55 to 90. The 4-kilometre route went west along the dyke and turned back at Terra Nova with a finish line back at the Oval Plaza. This event was supported by over seven sponsors with over 100 door prizes donated by the community of Richmond. The Dream On Seniors' Wish Foundation Charity received the proceeds of the 2017 event.

Athletes  
**250<sup>+</sup>**

Age of  
runners **55-90 yrs**





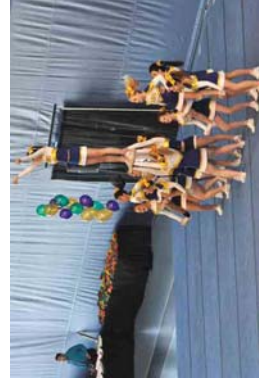
The NECAC hosted its annual Dumpling festival at the Oval this year with over 1200 guests for dinner. The guests were treated to live entertainment along with freshly prepared dumplings which were cooked to perfection on the Olympic Riverside Plaza and brought inside to the awaiting dumpling lovers.



Dinner guests  
**1,200**

## MARTI PARTI

In 2017 this annual event expanded to two days with teams participating from Western Canada and the West Coast of the US. Over 6,000 participants and spectators visited the Oval each day with participants ranging from 10 to 17 years old.



Age of participants  
**10-17 yrs**  
Participants and visitors combined  
**12,000**



# REBC TRAINING GROUND FINALS



CNCL - 66  
(Special)





**CNCL - 67**  
**(Special)**



The RBC Training Ground Finals were held at the Oval on March 4. The objective of the Training Ground initiative is to identify athletic potential and Canada's next great future Olympian. Oval High Performance worked in collaboration with the Canadian Sport Institute Pacific, Canadian Olympic Committee, CBC and numerous national and provincial sport organizations, to plan and execute the event. Over 100 athletes completed performance tests to assess power, speed, strength and endurance. Avalon Wasteneys, the BC winner, joined winners from Alberta, Ontario and the Maritimes and travelled to the 2018 Olympics in PyeongChang to experience the Olympics from an athlete's perspective.

**OVALHP**



**100<sup>+</sup>**

Athletes completed  
 performance test

**THE CITY IS  
THE SOLE  
SHAREHOLDER  
OF THE OVAL.**

**CITY COUNCIL  
APPOINTS THE  
OVAL BOARD.**

**ALL PROFITS ARE  
RE-INVESTED  
OR PLACED  
IN FINANCIAL  
RESERVES  
BELONGING TO  
THE CITY.**

**CNCL - 68  
(Special)**

**FINANCIALLY  
SUSTAINABLE**

**06**



## RICHMOND OLYMPIC OVAL'S ECONOMIC IMPACT

# 2017 ECONOMIC IMPACT STUDY HIGHLIGHTS

Prepared for the City of Richmond by KPMG

"This report is a testament to the ongoing legacies of the 2010 Olympic Games and the Richmond Olympic Oval for our community. The City's investment in the Oval continues to generate huge social and economic benefits for Richmond."

CNCL 69  
(Special)

Richmond Mayor Malcolm Brodie

## HIGHLIGHTS

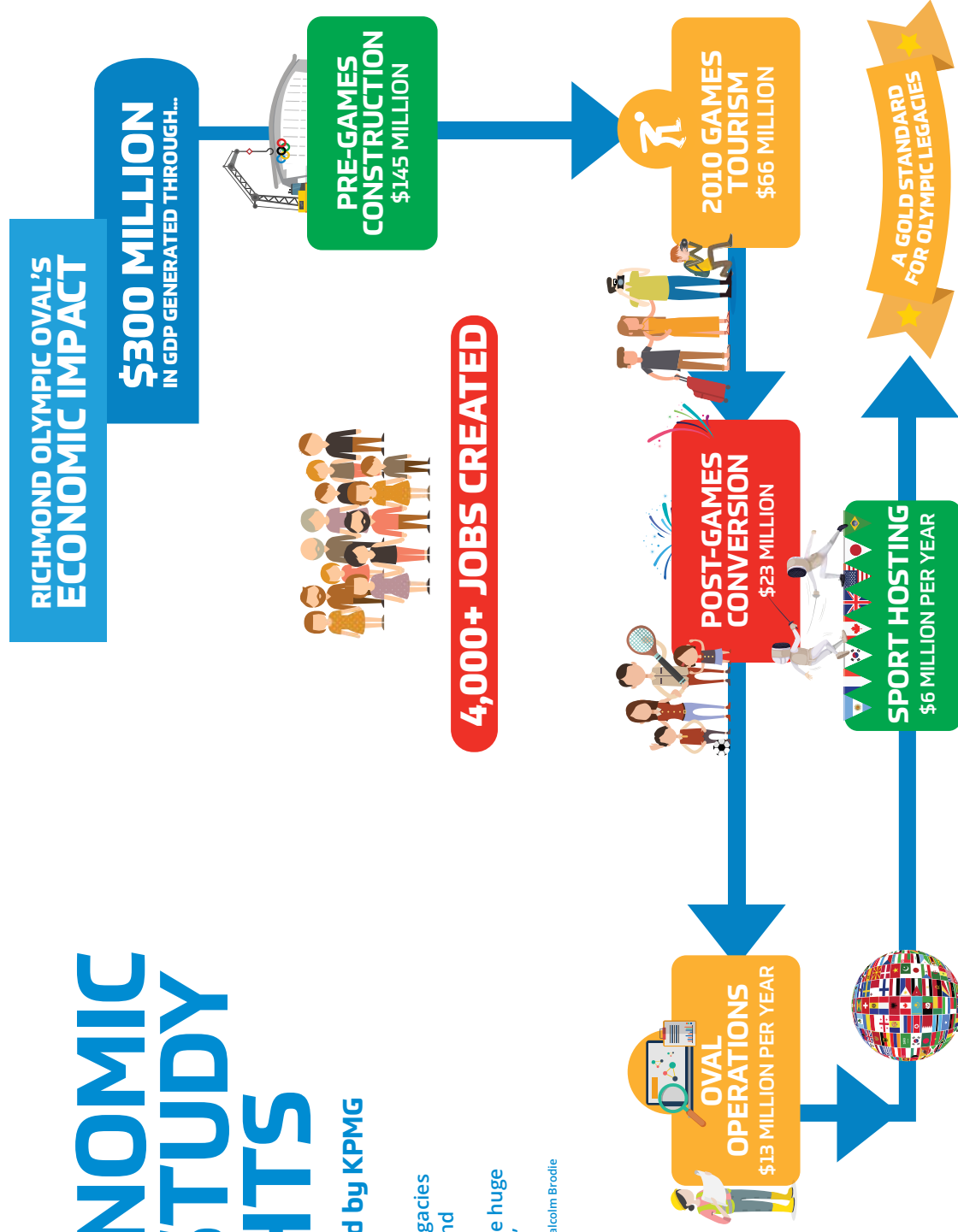
The Richmond Olympic Oval has provided a major boost to the local and regional economies, generating more than \$300 million in gross domestic product (GDP) through its construction and ongoing operation.

The Oval has also been a catalyst for \$3.8 billion in added property value within the surrounding neighbourhood.

The Oval generated \$234 million in GDP and created 3,076 jobs. An additional \$19 million in ongoing annual GDP is generated by the Oval and its operation supports 400 full time equivalent jobs, including direct, indirect and induced employment.

The Richmond Sports Hosting program generates more than 20,000 hotel room stays nightly with an estimated economic value of \$9 million.

A full copy of the economic impact study can be found at: [www.businessinrichmond.ca](http://www.businessinrichmond.ca)



## 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 2017, the Company has 12 Directors. The name and province of residence of each Director, each Director's principal occupation, and the month each Director was appointed to the Board are indicated in the chart below. The term of office for full-term directors is one to two years.

NAME & PROVINCE OF RESIDENCE	PRINCIPAL OCCUPATION	DIRECTOR SINCE	RE-ELECTED	TERM
E. Michael O'Brien*, British Columbia, Canada	Retired – (Former Corporate Secretary & Vice President, Strategic Planning & Legal Services, Vancouver International Airport Authority)	June 2008	June 2016	2 years
Dennis Skulsky, British Columbia, Canada	Vice Chairman, BC Lions Football Club	February 2011	June 2016	2 years
Moray Keith, British Columbia, Canada	President, Dorek Auto Group	June 2008	June 2016	2 years
George Duncan, British Columbia, Canada	Chief Administrative Officer, City of Richmond	June 2008	June 2016	2 years
Umeshra Mital, British Columbia, Canada	Executive Vice President and General Manager, Ebco Industries Ltd. and Advanced Cyclotron Systems Inc.	June 2008	June 2016	2 years
Peter German, British Columbia, Canada	Principal, Peter German & Assocs. Inc.	June 2016	June 2016	2 years
Tony Kwan, British Columbia, Canada	Partner, Pryke Lambert Leathley Russell LLP	June 2016	June 2016	2 years
Gail Terry, British Columbia, Canada	General Manager, Richmond Auto Mall Association	June 2016	June 2016	2 years
Dan Nomura, British Columbia, Canada	President, Canadian Fishing Company	June 2016	June 2016	2 years
Lisa Cowell, British Columbia, Canada	Manager, Fund and Community Development, Richmond Society for Community Living	June 2016	June 2016	2 years
Walter Soo, British Columbia, Canada	Executive Vice President, Player & Gaming Development, Great Canadian Gaming Corporation	June 2016	June 2016	2 years
Gary Collinge, British Columbia, Canada	General Manager, Hilton Vancouver Airport	June 2016	June 2016	2 years

\*Transfitted out of position in April 2018

### EXECUTIVE OFFICERS

As of December 2017, 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. The Mayor currently holds the Council Liaison position with Councillor Alexa Loo as the alternate.

NAME & PROVINCE OF RESIDENCE	POSITION	PRINCIPAL OCCUPATION
Mayor Malcolm Brodie, British Columbia, Canada	Council Liaison	Mayor, City of Richmond
Councillor Alexa Loo, British Columbia, Canada	Alternate Council Liaison	Councillor, City of Richmond

### COMMITTEES

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

#### BUSINESS PLANNING & BUDGET COMMITTEE

Moray Keith (Committee Chair)	
George Duncan	
E. Michael O'Brien (ex officio)	
Dennis Skulsky	
Walter Soo	
Lisa Cowell	
Gail Terry	
Dan Nomura	

#### AUDIT & FINANCE COMMITTEE

Umeshra Mital (Committee Chair)	
George Duncan	
E. Michael O'Brien (ex officio)	
Gary Collinge	
Peter German	
Tony Kwan	

APPENDIX B – EVENTS



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

APPENDIX C – AWARDS

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		IOC/IAKS All Time Award
International Association for Sports and Leisure Facilities		IOC/IAKS Gold Medal
International Olympic Committee		
International Association for Sports and Leisure Facilities		IPC/IAKS Distinction Award
International Paralympic Committee		
International Association for Sports and Leisure Facilities		Best of Canada Design Award
Canadian Interiors, Best in Canada Design Awards		Merit Award
CEBC Awards for Engineering Excellence		Award of Excellence for Innovation in Architecture
Royal Architectural Institute of Canada		Sustainability Star Award
Vancouver Organizing Committee		
Wood WORKSI		Institutional Wood Design
Institution of Structural Engineers		Sports of Leisure Structures Award
The ASHRAE 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
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/ICCA Steel Awards (British Columbia Chapter)		Outstanding Steel Structure: Engineering Division Award of Excellence
Canadian Wood Council		North American Wood Design Award
Inform Awards		Honor Award, Interior Design
Concrete Reinforcing Steel Institute		Award winner, Cultural & Entertainment Facilities
Society of American Registered Architects (SARA), New York Council		Citation
VRCA Sustainability Star Award		The 2009 Sustainability Star
2010 BUILDINGS Project Innovations Awards		Grand Prize Winner (New Construction Category)
2010 SARA Professional Design Awards Program		2010 Design Awards Competition (Philadelphia)
2010 International Property Award (Bloomberg, Inc.)		Public Services Development
2010 Athletic Business		Facility of Merit
2010 European Centre for Architecture Art Design and Urban Studies and The Chicago Athenaeum: Museum of Architecture		Green GOOD Design Awards

2010 ARIDO Award	Awards of Merit, Public and Institutional Spaces
2010 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

APPENDIX D – ATHLETE ACHIEVEMENTS

VOLLEYBALL	
Max Haronga	Volleyball Regional Excellence Program athletes committed to Douglas College Royals
Sydney Grills	Volleyball Regional Excellence Program athletes committed to UBC Okanagan Heat
Cara Kovacs	Volleyball Regional Excellence Program athletes committed to UBC Thunderbirds
Rajan Gill	Volleyball Regional Excellence Program athletes committed to Douglas College Royals
Alexa Gray	NORECA World Championship Qualifier - Most Valuable Player, Best Scorer and Best Opposite
Marie-Alex Bélanger	NORECA World Championship Qualifier - Best Server
Kristen Moncks	NORECA World Championship Qualifier - Best Digger
Kyla Richey	NORECA World Championship Qualifier - Best Receiver
Megan Cyr	NORECA World Championship Qualifier - Best Setter
Grant O'Gorman & Ben Saxton	National Team Beach Volleyball Athletes won the Sydney two-star event at the FIVB Beach Volleyball World Tour
TABLE TENNIS	
Nathan Uy	Placed 1st in U200 and 2nd in U400 at the BC Table Tennis Association Richmond Open in Feb 2018
Gu Meng	Gold in Men's Single at the Canada Cup #1
Gu Meng & Edison Huang	Table Tennis Gold in Open at the Canada Cup #1
Cindy Wang	Gold in Women's Single at the Canada Cup #1

WHEELCHAIR RUGBY	
Trevor Hirschfield and Travis Murao	Named All Stars and MVP at the 2017 Canadian Wheelchair Rugby Championship
Wheelchair Rugby National team	2018 IWRC Test Event - 4th place
Wheelchair Rugby National team	2017 IWRF Americas Championship - 2nd Place
SPEED SKATING	
Chris Poljer-So	Western Elite Circuit in Calgary 16-17 season - 8th place Canadian Open National Qualifier in Calgary - ranked 25th
Kiersten Hagen	Western Elite #2 Short Track Event 2016-2017 season - 3rd place Western Elite Circuit in Calgary - 3rd place
Marshall Shupe	Western Elite #2 Short Track Event 2017-2018 season - 7th place
Lukas Macdonald	Western Elite #2 Short Track Event 2017-2018 season - 11th place
Teunis Takemori	Western Elite #2 Short Track Event 2017-2018 season - 14th place
Cornac Chui	Qualified for Canadian Open National Qualifier in Calgary
Anders Johnson	Can Am International Long Track Competition - 12th in Canada, 3rd in BC

FIELD HOCKEY	
Field Hockey Canada Men's National Team	World Number 1- 2nd World League 2 - 2nd World League 3 - Qualified for the World Cup PanAm Cup - 2nd place
Dave Carter	Best goalkeeper at the PanAm Cup
ICE HOCKEY	
Genny Knowles	Named to the Korean Women's National Team playing in PyeongChang 2018
Courtney Vorster	Named to the U18 Women's National Hockey team which competed at the 2018 IIHF U18 Women's World Championship Named team captain for Team BC U18 Nationals - Bronze medal
Maddox Angerhofer	Selected to the U18 USA National Development Team
Kate Stuart	U18 Team BC goalie Invited to Team Canada National Selection Camp Committed to Boston University
Mathew Twells	Selected to the Richmond Sockeyes
Zakary Myrowich	Signed with the Florida Everglades JR A team
Cassie Reale	Committed to Princeton University
SPX - CYCLING CANADA BMX ATHLETES (TRAINED BY CSP 56C COACH KIT WONG)	
Alex Tougas	USA BMX NASX Elite- 1st BMX Canada Open- 2nd National Championships- 3rd
Tony Njhaug	USA BMX NASX Elite-2nd BMX Canada Open- 1st BMX Canada Open- 1st BMX Canada Open- 1st
OTHER SPORTS	
Ian Ryder - Judo Athlete	Judo Canada National Championships- Silver Canadian National Championships- Gold in U19 (90KG), Bronze in U21 (90KG) Pan Am Cup- Bronze in U18 (90KG)
Caleigh Kuramoto- Judo Athlete	Canada West Invitational- Gold in the U18 (57KG), Gold the U21 (63KG).
Pacific Wave Synchronized Swimming Club Junior Team	Canadian Qualifier Championship 5th
Kendall Skirra - Synchro Athlete	Named to the 2017 Junior National Athlete pool
Pacific Storm Water Polo Club Men's Team	Canadian Nationals- Bronze
Hannah Finkelstein	Named to the Junior National Softball Team and received a full-ride scholarship to Long Island University

## APPENDIX E – FACULTY AND SERVICE USER GROUPS

NATIONAL, PROVINCIAL AND LOCAL SPORT ASSOCIATIONS OR CLUBS USERS	
Apex Volleyball Club	Seafair Minor Hockey
Air Attack Volleyball Club	Seabirds Hockey
Canadian Wheelchair Sports Association – Wheelchair Rugby	Softball Canada
Cycling Canada	University of BC Kinesiology Program
Field Hockey Canada	BC Thunderbird Rowing
Hockey Canada	Vancouver Angels
Special Olympics BC	Vancouver Community Baseball
Speed Skating Canada	Vancouver FC
Table Tennis Canada	Vancouver Thunderbirds
Volleyball Canada	Vancouver Warbirds
BC Hockey	West Coast Volleyball Society
BC Rugby Union	TRAINING CAMPS AND CLINICS HOSTED BY OVAL HIGH PERFORMANCE
BC Speed Skating Association	Special Olympic BC Powerlifting Camp
BC Wheelchair Basketball Society	Squash BC Training Camp
BC Wheelchair Sports Association	BC Wheelchair Sports Association Athletic Clinic
BC Table Tennis Association	Judo BC Training Camp
BC Hockey League	Synchro BC Training Camp
Bobsleigh BC	Olympic Weightlifting Clinic with Olympic Bronze medalist and presumed Gold Medalist Christine Girard
Cycling BC	BCHL Exposure Hockey Camp
Canadian Chinese Table Tennis Federation	Synchro BC Annual Summit
Judo BC	BC Wheelchair Basketball Clinic
Squash BC	Field Hockey Canada U15 Talent ID camp
Synchro BC	BC Rugby Training Camp
Volleyball BC	
Asahi Baseball	
Macrabi Canada Volleyball Team	
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 Rapids	
Richmond Rockets	

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, 2017 relative to the year ended December 31, 2016.

This management’s discussion and analysis should be read in conjunction with the Corporation’s audited financial statements for the year ended December 31, 2017 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 wellness services for the Richmond community, neighbouring communities and the general public; c) the Oval will provide facilities for non-sporting, community and entertainment events; and d) the Oval will provide ancillary commercial, retail, health and wellness services to enhance its use in respect of the activities set out above.

The Corporation operates in a highly competitive sport and fitness market which offers personal and group training classes, high performance training, personal training, yoga, wellness and fitness equipment, weight training and sport specific facilities and training. 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

2017 revenue from memberships, admissions and programs totalled \$8,100,000 (2016 - \$7,892,000). In 2017 revenue from these sources of \$1,064,000 was deferred to fiscal 2018 (2016 - \$1,111,000 was deferred to 2017).

The City applies for and receives funding from the 2010 Games Operating Trust (“GOT”) as explained in note 6 to the financial statements. The City received \$2,805,000 during the year which was recognized as revenue earned in the year (2016 - \$2,800,000).

The Corporation received a contribution of \$3,377,000 from the City in 2017 (2016 - \$3,311,000).

Other revenue of \$2,253,000 was recognized in 2017 (2016 - \$1,985,000) and mainly consisted of parking, leasing, sponsorship and capital funding revenue.

Expenses

During 2017, expenses were incurred for the following:

- Salaries and benefits of \$8,916,000 (2016 - \$8,684,000). There were approximately 70 full-time, and 260 part-time employees on the payroll as of December 31, 2017; (2016 - 70 full-time and 230 part-time employees);
- Other operating expenses incurred in 2017 totalled \$6,416,000 (2016 - \$6,436,000) 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 2017 was \$1,202,000 (2016 - \$868,000). The total accumulated surplus as of December 31, 2017 is \$16,101,000 (2016 - \$14,899,000). Please refer to note 10 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, 2017.

	\$000’s	
	2017	2016
Financial Assets	\$12,248	\$10,259
Liabilities	8,227	7,556
Net Financial assets	\$4,021	\$2,703
Non-Financial assets		
Non-Financial assets	\$12,080	\$12,196
Accumulated surplus	\$16,101	\$14,899

Financial Assets

The Corporation has a cash balance of \$310,000 at year end (2016 - \$865,000). The investments balance is \$10,576,000 (2016 - \$8,702,000). The investments represent the Corporation’s investments held in term deposits. The accounts receivable aggregating \$907,000 (2016 - \$565,000) resulted primarily from sponsorship fees, leases, sales of memberships, admissions, programs, rentals and special events. The amount due from the City of \$251,000 (2016 - \$11,000 due from the City) arises in the normal course of operations.

Financial Liabilities

Accounts payable and accrued liabilities of \$1,703,000 (2016 - \$1,728,000) include payroll accruals, trade payables for heat, light, power, legal and audit fees, GST payable and holdbacks on capital projects. Deferred revenue of \$6,515,000 (2016 - \$5,819,000) 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 2017 for membership and programs to be delivered in 2018. A rental deposit of \$9,000 (2016 - \$9,000) is held as of the end of the year.

Non-Financial Assets

As at December 31, 2017, the Corporation had \$17,563,000 (2016 - \$16,040,000) 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 \$1,513,000 (2016 - \$1,394,000). Accumulated amortization of the capital assets amounted to \$5,914,000 (2016 - \$4,361,000) at year end.

Deferred lease costs of \$76,000 (2016 - \$102,000) are direct costs incurred in connection with leases and are deferred and amortized over the terms of the lease.

Prepaid expenses of \$355,000 (2016 - \$415,000) 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 \$4,749,000 (2016 - \$4,261,000), other reserves/provisions is \$1,684,000 (2016 - \$1,099,000), accumulated operating surplus is \$546,000 (2016 - \$552,000), and the amount invested in tangible capital assets is \$9,122,000 (2016 - \$8,987,000) for a total accumulated surplus balance of \$16,101,000 (2016 - \$14,899,000).

LIQUIDITY AND CAPITAL RESOURCES

Operating

Cash provided by operations in the year amounted to \$2,842,000 (2016 - \$1,343,000).

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 \$1,523,000 (2016 - \$1,318,000).

Related Party Transactions

The Corporation is a municipal corporation wholly-owned by the City. Note 12 to the financial statements discloses related party transactions.





KPMG LLP  
 Metro Tower I  
 4710 Kingsway, Suite 2400  
 Burnaby BC V5H 4M2  
 Canada  
 Telephone (604) 527-3600  
 Fax (604) 527-3636

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Richmond Olympic Oval Corporation

We have audited the accompanying consolidated financial statements of Richmond Olympic Oval Corporation, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations, consolidated changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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.

Consolidated Financial Statements of

**RICHMOND OLYMPIC  
 OVAL CORPORATION**  
 (Special)  
 Year ended December 31, 2017

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Richmond Olympic Oval Corporation as at December 31, 2017 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.

**KPMG LLP**

Chartered Professional Accountants

April 25, 2018  
Burnaby, Canada

**RICHMOND OLYMPIC OVAL CORPORATION**

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial Assets</b>		
Cash	\$ 309,846	\$ 865,289
Investments (note 3)	10,576,342	8,701,850
Accounts receivable	907,140	595,143
Due from City of Richmond (note 4)	250,737	11,304
Inventories held for resale	203,782	115,112
	12,247,847	10,258,698
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,702,855	1,727,883
Deferred revenue (note 7)	6,514,601	5,818,952
Rental deposits	9,263	9,263
	8,226,719	7,556,098
Net financial assets	4,021,128	2,702,600
<b>Non-Financial Assets</b>		
Tangible capital assets (note 8)	11,548,902	11,679,181
Deferred lease costs (note 9)	76,412	102,062
Prepaid expenses and other deposits	354,712	414,881
	12,080,026	12,196,124
Economic dependence (note 15)		
Accumulated surplus (note 10)	\$ 16,101,154	\$ 14,886,724

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Uweid M. J. Director

Demetrius G. G. Director

## RICHMOND OLYMPIC OVAL CORPORATION

Consolidated Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
(Note 2(i))			
Revenue:			
2010 Games Operating Trust Fund (note 6)	\$ 2,856,000	\$ 2,804,671	\$ 2,800,000
Contribution from City of Richmond (note 12(a))	3,377,146	3,377,146	3,310,927
Memberships, admissions and programs	8,288,202	8,099,678	7,892,385
Other	1,871,192	2,252,637	1,984,908
	16,392,540	16,534,132	15,988,220
Expenses:			
Salaries and benefits	8,990,133	8,916,249	8,684,234
Utilities	1,050,000	1,050,194	1,048,006
Amortization	1,500,000	1,513,281	1,394,439
Supplies and equipment	934,500	930,883	794,447
Insurance	350,000	342,203	344,412
General and administration	996,058	905,986	931,639
Marketing	456,508	283,826	759,554
Program services	1,245,011	1,300,871	1,118,165
Professional fees	130,090	88,209	45,361
	15,652,300	15,331,702	15,120,257
Annual surplus	740,240	1,202,430	867,963
Accumulated surplus, beginning of year	14,898,724	14,898,724	14,030,761
Accumulated surplus, end of year	\$ 15,638,964	\$ 16,101,154	\$ 14,898,724

See accompanying notes to consolidated financial statements.

## RICHMOND OLYMPIC OVAL CORPORATION

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
(Note 2(i))			
Annual surplus for the year	\$ 740,240	\$ 1,202,430	\$ 867,963
Acquisition of tangible capital assets	(2,665,002)	(1,483,002)	(1,317,632)
Amortization of tangible capital assets	1,500,000	1,513,281	1,394,439
	(1,165,002)	30,279	76,807
Amortization of deferred lease costs	-	25,650	25,650
Increase in prepaid expenses	-	(459,544)	(399,078)
Use of prepaid expenses and other deposits	-	519,713	543,123
Change in net financial assets	(424,762)	1,318,528	1,114,465
Net financial assets, beginning of year	2,702,600	2,702,600	1,588,135
Net financial assets, end of year	\$ 2,277,838	\$ 4,021,128	\$ 2,702,600

See accompanying notes to consolidated financial statements.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2017

# RICHMOND OLYMPIC OVAL CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,202,430	\$ 867,963
Items not involving cash:		
Amortization of tangible capital assets	1,513,281	1,394,439
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	(341,997)	(92,011)
Inventories held for resale	(88,670)	21,196
Prepaid expenses and other deposits	60,169	144,045
Accounts payable and accrued liabilities	(25,028)	(1,040,043)
Deferred revenue	695,649	220,493
Due from (to) the City of Richmond	(239,433)	(199,057)
	2,841,805	1,342,675
Capital activities:		
Acquisition/transfer of tangible capital assets	(1,522,756)	(1,317,632)
Investing activities:		
Net purchase of investments	(1,874,492)	(8,701,850)
Decrease in cash	(555,443)	(8,676,807)
Cash, beginning of year	865,289	9,542,096
Cash, end of year	\$ 309,846	\$ 865,289

See accompanying notes to consolidated financial statements.

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

These consolidated financial statements include 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"). VROX was established to: (a) conduct the necessary research and development to produce prototype simulators for installation in the Richmond Olympic Experience ("ROX") at the Richmond Olympic Oval; (b) provide ongoing technical and maintenance support for the interactive and sport simulation devices operating in the ROX; (c) utilize the ROX to showcase the Company's products to potential commercial or retail purchasers and the public in general; and (d) conduct research and development needed to produce alternative and/or next generation sport simulators needed to refresh the ROX on an approximately two to three-year cycle. As at December 31, 2017, VROX transferred all its assets and liabilities to the Corporation (note 13).

### (b) Investment in government partnership:

Government partnerships are accounted for under the proportionate consolidation method, where the Corporation's share of the partnership is accounted for on a line-by-line basis on the financial statements.

### (c) 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 2010 Games Operating Trust (note 6) and when the related operating expenses and capital maintenance costs of the Oval are incurred.

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

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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

### (c) Revenue recognition (continued):

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

### (d) 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 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.

### (e) 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.

### (f) Capital assets:

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

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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

### (f) Capital assets (continued):

#### (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.

### (g) 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.

### (h) Income taxes:

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

### (i) 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.

### (j) Budget data:

The budget data presented in these financial statements is based upon the 2017 budget approved by the Board of Directors on December 1, 2016.

### (k) 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 earnings in the year in which they become known.



# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 3. Significant accounting policies (continued):

(i) 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.

## 4. Investments:

Investments represent term deposits as follows:

Purchase Date	Maturity Date	2017	2016
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	-
July 8, 2016	January 3, 2017	-	2,800,000
August 22, 2016	February 20, 2017	-	3,047,992
October 6, 2016	April 4, 2017	-	2,853,858
		\$ 10,576,342	\$ 8,701,850

The interest rate of the term deposits range from 1.60% to 2.10%.

## 5. Due from/to the City of Richmond:

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

## 6. Richmond Oval Agreement:

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.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 6. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for the Games, the Government of Canada and the Province of British Columbia agreed to establish the Legacy Endowment Fund (the "Fund") and to each contribute \$55 million. On March 31, 2004, under the terms of the 2010 Games Operating Trust Agreement, an irrevocable trust was created known as the 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 Trust, the City, as owner of the Oval, became a beneficiary of the Trust and became responsible for complying with obligations set by the Trust and GOT in order to receive funding.

Effective December 31, 2007:

- (a) the GOT 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 GOT 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 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:

	2017	2016
2016 annual distributable amount approved and received in 2017	\$ 2,804,671	\$ -
2015 annual distributable amount approved and received in 2016	-	2,800,000
	\$ 2,804,671	\$ 2,800,000

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## **7. Deferred revenue:**

	2017	2016
Balance, beginning of year	\$ 5,818,952	\$ 5,598,459
Add: additions	11,047,964	10,097,786
Less: revenue recognized	(10,352,315)	(9,877,293)
Balance, end of year	\$ 6,514,601	\$ 5,818,952
Deferred revenue comprises of:		
	2017	2016
Memberships and programs	\$ 1,064,226	\$ 1,110,552
Sponsorship fees	1,123,000	1,400,001
Sport Hosting funding (note 12(b))	382,189	616,386
Richmond Olympic Experience (note 12(b))	3,945,186	2,692,013
	\$ 6,514,601	\$ 5,818,952

## **8. Tangible capital assets:**

	Balance, December 31, 2016	Additions/ transfers	Balance, December 31, 2017
Athletic equipment	\$ 2,511,975	\$ 98,284	\$ 2,610,259
Building improvements	504,754	783,242	1,287,996
Computer software and equipment	2,209,380	137,947	2,347,327
Facility equipment	874,263	115,131	989,394
Infrastructure	5,880,940	-	5,880,940
Signage	91,425	40,682	132,107
Simulators and exhibit fabrication	3,687,168	137,218	3,824,386
Tenant improvements	65,729	-	65,729
Uniforms, ice skates, and helmets	200,017	65,671	265,688
Work-in-progress	14,382	144,581	158,963
	\$ 16,040,033	\$ 1,522,756	\$ 17,562,789

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## **8. Tangible capital assets (continued):**

	Balance, December 31, 2016	Amortization expense/ transfers	Balance, December 31, 2017
Athletic equipment	\$ 1,201,416	\$ 245,224	\$ 1,446,640
Building improvements	215,790	130,147	345,937
Computer software and equipment	1,649,667	363,151	2,012,818
Facility equipment	473,462	238,162	711,624
Infrastructure	168,930	147,023	315,953
Signage	66,188	21,561	87,749
Simulators and exhibit fabrication	370,678	376,704	747,382
Tenant improvements	43,073	9,750	52,823
Uniforms, ice skates, and helmets	171,648	21,313	192,961
	\$ 4,360,852	\$ 1,553,035	\$ 5,913,887
		2017	2016
	Net book value	Net book value	Net book value
Athletic equipment	\$ 1,163,619	\$ 1,310,559	\$ 1,310,559
Building improvements	942,059	288,964	288,964
Computer software and equipment	334,509	559,713	559,713
Facility equipment	277,770	400,801	400,801
Infrastructure	5,564,987	5,724,452	5,724,452
Signage	44,358	25,237	25,237
Simulators and exhibit fabrication	3,077,004	3,323,750	3,323,750
Tenant improvements	12,906	2,954	2,954
Uniforms, ice skates, and helmets	72,727	28,369	28,369
Work-in-progress	158,963	14,382	14,382
	\$ 11,648,902	\$ 11,679,181	\$ 11,679,181

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.

(a) Write-down of tangible capital assets:

There was no write-down of tangible capital assets during the year (2016 - nil).

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 9. Deferred lease costs:

	2017	2016
Balance, beginning of year	\$ 102,062	\$ 127,712
Less amortization	(25,650)	(25,650)
Balance, end of year	\$ 76,412	\$ 102,062

## 10. Accumulated surplus:

Accumulated surplus is comprised of:

	2017	2016
Share capital	\$ 4,749,421	\$ 4,260,950
Capital reserve	1,683,596	1,098,682
Other reserves/provisions	546,350	551,923
Operating surplus	9,121,786	8,987,168
Invested in tangible capital assets	\$ 16,101,154	\$ 14,898,724

## 11. Financial risk management:

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

### (a) Credit risk:

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

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 11. Financial risk management (continued):

### (c) Market and interest rate risk (continued):

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.

### (d) 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.

## 12. Related party transactions:

### (a) Contribution from/to City of Richmond:

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

Included in general and administration expenses are fees of \$204,451 (2016 - \$189,470) from the City for the provision of City staff time.

In 2017, \$104,185 (2016 - \$94,526) of salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed.

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 2017, the Corporation received a contribution from the City of \$3,377,146 (2016 - \$3,310,927).

### (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 2017, \$100,000 (2016 - \$400,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2017, \$382,189 (2016 - \$616,386) has been included in deferred revenue (note 7) and \$334,197 (2016 - \$352,934) was recognized in memberships, admissions, and programs on the statement of operations.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 12. Related party transactions (continued):

- (b) Sport Hosting Function (continued):

The Corporation also received \$1,418,070 from the hotel tax funding in 2017 (2016 - \$500,000) to be used to purchase capital assets related to the Richmond Olympic Experience project. In order to retain this funding, the Oval must maintain and operate the capital assets purchased with these funds over the life of the capital assets. On an annual basis, the Oval must provide a report to the City as to the use of the funds and the maintenance and operation of these capital assets. As at year-end, \$3,945,186 (2016 - \$2,692,013) of the funds restricted for the purchase of capital assets for the Richmond Olympic Experience remains in deferred revenue and the revenue will be recognized over the life of the underlying assets.

- (c) Transfer of assets and liabilities from VROX:

On December 31, 2017, the assets and liabilities of VROX were transferred to the Corporation and recorded at their net book values (note 13).

## 13. Government partnership:

On November 29, 2017, the Corporation and VRX Ventures Ltd. ("VRX") entered into an agreement to dissolve VROX. VROX also entered into a Distribution and Assumption Agreement ("Agreement") with the Corporation. In accordance with the Agreement, VROX transferred all its assets and liabilities to the Corporation on December 31, 2017. The following table summarizes the net book value of the assets and liabilities of VROX prior to the transfer to the Corporation, and the 50% proportionate share of the assets and liabilities recorded by the Corporation at December 31, 2017:

	Net book value before dissolution	Oval's 50% proportionate share
<b>Assets:</b>		
Cash	\$ 30,638	\$ 15,319
Accounts receivable	1,444	722
Prepaid expenses	3,428	1,714
Inventory	97,109	48,555
Property and equipment	8,907	4,453
Intangible assets	22,058	11,029
	163,584	81,792
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	49,937	24,969
Deferred revenue	41,051	20,525
	90,988	45,494
<b>Net book value of assets and liabilities</b>	<b>\$ 72,596</b>	<b>\$ 36,298</b>

The net amount of the assets acquired and liabilities assumed were recorded as wind-up costs on the financial statements of VROX, and recorded as a gain by the Corporation upon transfer.

# RICHMOND OLYMPIC OVAL CORPORATION

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

## 13. Government partnership (continued):

VROX's revenues during the year included transactions with the Corporation which have been eliminated on consolidation. This includes revenue pertaining to an operating contribution received from the Corporation of \$380,000 (2016 - \$195,560) and the cost of the maintenance services provided of \$30,000 (2016 - \$10,000). In 2016, these revenues also included the sale of sport simulators for \$263,000. No simulators were sold to the Corporation in 2017. 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 Corporation and VROX. These amounts are within the appropriate approvals provided by the Corporation's Board of Directors.

The financial results of the Corporation's 50% proportionate share in VROX reflecting adjustments necessary to arrive at the amounts included in the Corporation's financial statements is as follows:

	2017	2016
<b>Financial position:</b>		
Total assets	\$ 50	\$ 65,418
Total liabilities	-	(37,836)
<b>Equity</b>	<b>\$ 50</b>	<b>\$ 27,582</b>
<b>Results of operations:</b>		
Total revenues	\$ 928	\$ 852
Total expenses	(180,427)	(154,676)
<b>Net expense for the year</b>	<b>\$ (179,499)</b>	<b>\$ (153,824)</b>

## 14. Pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted 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, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 \$506,170 (2016 - \$443,446) for employer contributions to the Plan in fiscal 2017.

# **RICHMOND OLYMPIC OVAL CORPORATION**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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## **14. Pension plan (continued):**

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.

## **15. Economic dependence:**

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

## **16. Comparative figures:**

Certain comparative figures have been reclassified to provide presentation consistency.





# City of Richmond

## Report to Council

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

**Date:** May 1, 2018

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

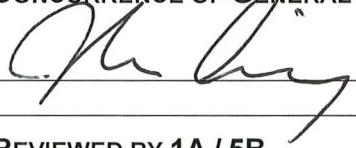


**File:** 10-6600-10-01/2018-Vol 01

**Re:** 2018 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, 2018, be endorsed.

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

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY 1A / 5B	INITIALS: 
APPROVED BY CAO 	





6911 NO. 3 ROAD  
RICHMOND, BC V6Y 2C1

## Report

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**DATE:** May 1, 2018

**TO:** Board of Directors

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

**Re:** 2018 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, 2018 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):  
George Duncan – Special Advisor  
Robert Gonzalez – Chair  
John David Irving – CEO  
Jerry Ming Chong – Vice Chair and CFO  
Cecilia Maria Achiam – Corporate Secretary
4. the Lulu Island Energy Company 2017 Annual Report (Attachment 4) be approved and presented to the shareholder at the Special Council Meeting on June 4, 2018;

### 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 25, 2018.

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.

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, subject to the City, as shareholder of LIEC, setting rates for customers and defining service areas.

In order to consolidate the City's district energy operations, on October 11, 2016, Council authorized staff to transfer the City's district energy assets to LIEC. The asset transfer was completed on March 31, 2017, and LIEC now effectively manages all district energy initiatives.

### **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.

2017 LIEC Annual Report (Attachment 4) is presented to the Board for their approval. In summary, LIEC's business grew exponentially in 2017:

- Three new buildings were connected to the Oval Village District Energy Utility;

- Alexandra District Energy Utility Phase 4 expansion was completed connecting Fire Hall #3 to the system;
- In recognition of the company's hard work and focus on excellence, LIEC was the recipient of three major awards in 2017.

Overall, by the end of 2017, over 3.3 million square feet of residential, commercial, and institutional buildings were serviced by district energy in Richmond.

### **Financial Impact**

None.

### **Conclusion**

The presented resolutions are legislated requirements under 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#5820061)  
Att. 2: Notice of Appointment of Auditor (REDMS#5820058)  
Att. 3: Consent Resolution of the Directors of LIEC – Appointment of Officers  
(REDMS#5826817)  
Att. 4: LIEC 2017 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 and confirms the previous receipt of financial statements of the Company for the period from January 1, 2017 to December 31, 2017, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 25, 2018 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 7, 2018;
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 5;
4. the following persons, each of whom has consented in writing to act as a director, are hereby elected as directors of the Company, to hold office until the next annual general meeting of the Company or unanimous resolutions consented to in lieu of holding an annual general meeting, or until their successors are appointed:  
  
Cecilia Maria Achiam  
Jerry Ming Chong  
Robert Gonzalez  
John David Irving  
Joseph Erceg
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 4, 2018 is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of June 4, 2018.

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
Robert Gonzalez	Chair
Jerry Ming Chong	Vice Chair and CFO
John David Irving	CEO
Cecilia Maria Achiam	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 \_\_\_\_\_.

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

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

\_\_\_\_\_  
ROBERT GONZALEZ

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

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



2017 | Annual Report



A large industrial facility, likely a power plant or manufacturing plant, with a high ceiling and yellow overhead cranes. Large white pipes are visible, supported by metal stands. A worker in a hard hat and safety vest is visible in the background. The text "Clean, efficient energy, for now and the future." is overlaid on the image.

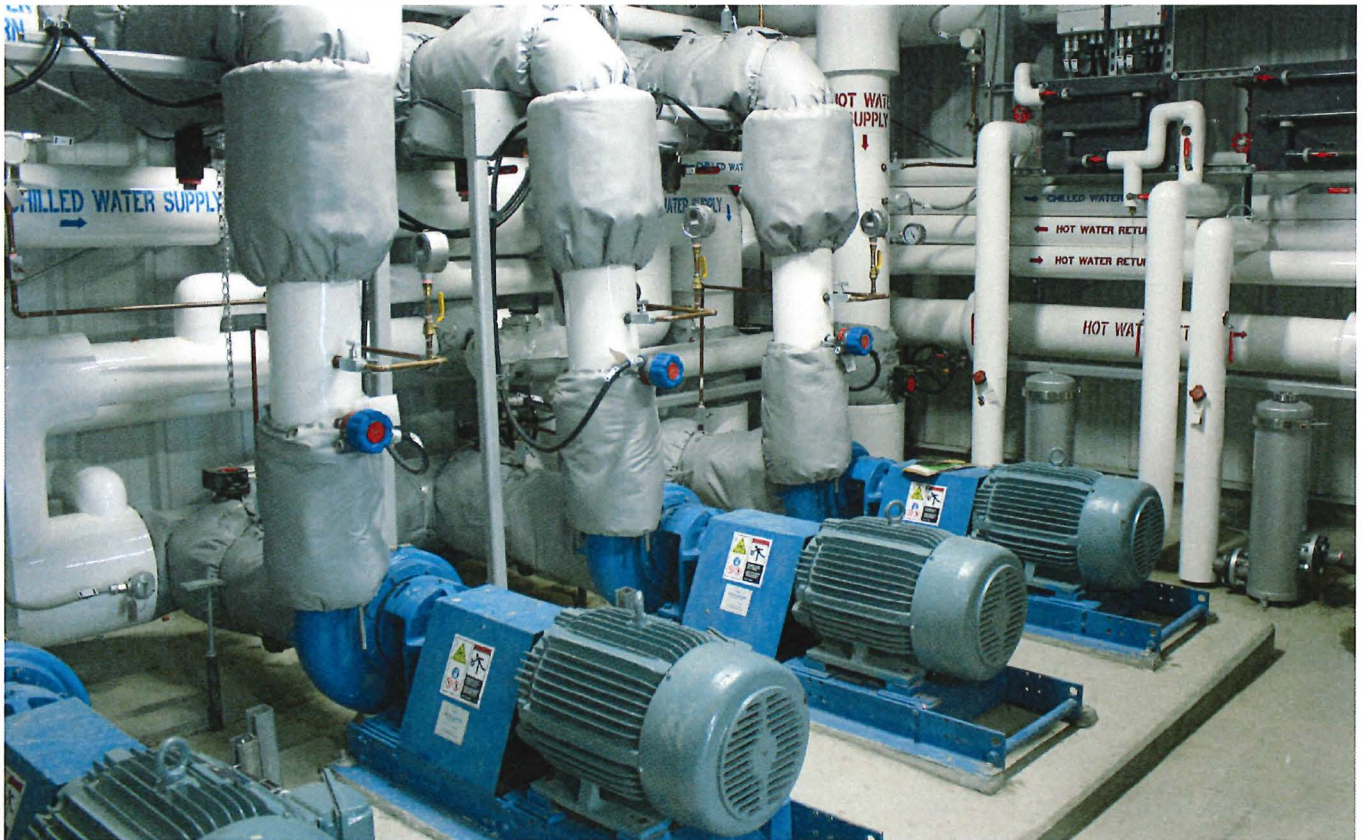
Clean, efficient  
energy, for now  
and the future.

CNCL - 93  
(Special)

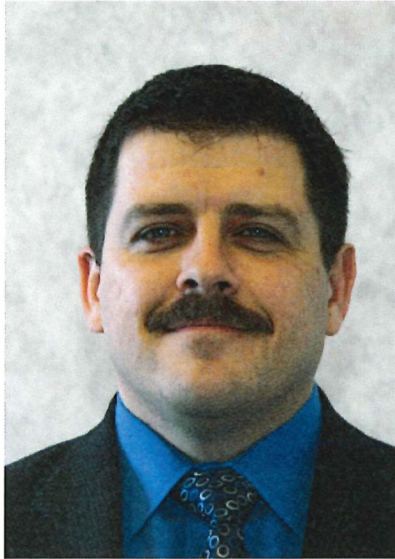


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## ■ MESSAGE FROM THE BOARD CHAIR

The Lulu Island Energy Company (LIEC) made important progress in 2017, from expanding its energy services to implementing changes to administrative matters of the company. Of particular note in 2017, the company benefitted from a consolidation of district energy services in the community that took effect on December 31, 2016. 2017 marked the first full year that the award winning Alexandra District Energy Utility was operated by the Lulu Island Energy Company. All of these important changes are summarized in this year's annual report.

As reported in the past, the Board of Directors and staff have been major contributors to the company's success. Most importantly, 2017's work by the company solidified LIEC's district energy business as an important contributor in achieving the City of Richmond's vision to become a sustainable, low carbon community. In this context, I present the 2017 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 be 'R. Gonzalez', enclosed within a simple oval outline.

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

## ■ MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Lulu Island Energy Company's collaboration with Corix Utilities saw three new buildings being connected to the Oval Village District Energy Utility (OVDEU) in 2017. With these additions, LIEC now provides energy services to over 3.3 million sq. ft. of residential, commercial, and institutional space throughout Richmond. In recognition of the company's hard work and focus on excellence, the Lulu Island Energy Company was the recipient of three major awards in 2017: the Canadian Consulting Engineering Award of Excellence, Canada Region Institution Energy Management Award, and UBCM Community Recognition Award.

The company's business grew thanks to LIEC taking over operation of the Alexandra District Energy Utility in 2017. This administrative change broadens LIEC's commitment to excellence in sustainable utility management and operations and more importantly, supports excellence in customer service for space heating, cooling, and hot water. I am pleased to report that, as envisioned, the Lulu Island Energy Company is rapidly becoming 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 2017.



*CEO, Lulu Island Energy Company*







CNCL - 97  
(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. In 2017, LIEC had tangible capital assets of \$32,032,788 relating to the development of the Alexandra and Oval Village District Energy Utilities, revenues of \$4,159,023 related to meter billing fees, service fees, connection fees, and energy model review fees, and total expenses of \$3,117,469.





## ■ SPOTLIGHT ON 2017: PROGRESS REPORT

### **New Buildings Connected to the Oval Village District Energy Utility (OVDEU)**

As background, OVDEU was the first district energy project in development under LIEC's oversight following Richmond City Council's adoption of the OVDEU Service Area Bylaw in April 2014. Soon after in October 2014, LIEC entered into a Concession Agreement with Corix Utilities to design, construct, finance, operate and maintain the system. In 2017, the OVDEU expanded its customer base to service three new buildings in the Oval Village area—Amacon Tempo (February 2017), Onni Riva 3 (April 2017) and ASPAC Parcel 9 (June 2017). There are currently eight buildings connected to the OVDEU. Energy generated at two interim energy centres provides 11MW of heating capacity to service these buildings. 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 heat 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 Energy Plant and Infrastructure**

The system currently provides energy to nine buildings (5 multi-unit residential buildings, the Jamatkhana Temple, the Central at Garden City (2 large commercial buildings), and Richmond's Fire Hall No. 3) connecting over 1,400 residential units and over 1.6 million sq. ft. of floor area. As of December 31, 2017, the ADEU system has delivered 16,557 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.

### **Alexandra District Energy Utility Assets Transfer to Lulu Island Energy Company**

In order to consolidate the City's district energy operations, Richmond City Council authorized staff to transfer ADEU's assets and operations to LIEC in 2016 in an arrangement whereby LIEC issued additional common shares of the company to the City at an issue price equal to the fair market value of the assets. The assets transfer has been completed with an initial closing date of December 31, 2016 and a second and final closing date of March 31, 2017. The transfer to LIEC was the final step towards Richmond City Council's goal of assigning LIEC the function of providing current and future district energy services in Richmond on behalf of the City. The transfer is important in order to support the ongoing successful establishment of LIEC, and to maintain the highest level of service for an ever growing community.

## 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 LIECs public engagement goals. In 2017, 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.



## District Energy in the City Centre Area

The pace of development in Richmond City Centre Area (Bridgeport, Capstan, Aberdeen, Lansdowne and Brighthouse Villages as defined in the City Centre Area plan) continues to exceed expectations. Though 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. At the same time, a due diligence analysis, including assessment of both heating and cooling energy services, is being carried out in order to ensure the maximum possible customer base and service levels. At full build out, the City Centre Area has the potential to be many times larger than the projected final size of both the ADEU and OVDEU combined.





## LOOKING FORWARD IN 2018: WORK PLAN

### Ongoing Development in the Oval Village Area

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.

With respect to the current service area, LIEC looks forward to benefiting from Corix's construction and operations experience with upcoming projects in 2018 and beyond.

	Anticipated Occupancy
Intracorp (River Park Place 2)	2019
Landa Cascade City	2020
Aspac Lot 12	2020
Onni Riva Phase 3 Building 4	2020
ASPAC Lot 13	2020

### Alexandra District Energy Utility Expansion

After rapid growth in 2016 and 2017, expansion and development in the West Cambie Neighbourhood continues. In 2018, the distribution pipes will be extended along McKim Way to be able to service new developments, and the design of two new geo-exchange fields will commence. Additionally, design work and pre-construction activities are under way 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
Westmark	2019
Trafalgar Square	2019
Spark	2020
Ex-Jingon	2021
Berkeley House	2022



## Developing a Plan for a New District Energy Services in City Centre

After gaining support in 2016 from LIEC's Board of Directors to release a Request for Proposals, 2017 saw the selection of a preferred proponent and partner for servicing the City Centre Area. Planning activities for 2018 include negotiations with the lead proponent, planning and due diligence work to determine how best to service area, including assessing both heating and cooling energy services. The lead proponent's work will analyze the proposed development area, selecting the district energy concept which will provide energy services at a competitive price for building owners while reducing energy consumption and greenhouse gas emissions.







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

<b>Technology</b>	ADEU Phases 1 and 2 were commissioned in July 2012. The ADEU will potentially service up to 3,100 residential units and 1.1 million 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.

---

**Length of  
Distribution  
Network**

3,400 m (11,100 ft.) of high-density polyethylene piping  
726 vertical closed-loop boreholes, each 250 ft. deep



## 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 be built with electrical baseboard heaters for heating, gas fired make-up air units for common space heating and gas fired boilers for hot water heating. 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.

### 2017 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 (\$0.090 per sq. ft.);
- Peak Charge: Charge based on the annual peak heating load supplied by the ADEU to the building (\$1.217 per kW/month); and
- Volumetric Charge: Charge based on the energy consumed by the building (\$3.893 per MWh).

### Buildings

Address	Use	Area (sq. ft.)
Remy [4099 Stolberg Street]	Residential	186,000
Mayfair Place [9399 Odlin Road]	Residential	351,000
Omega [9388 Odlin Road]	Residential	222,000
Alexandra Court [9399 Alexandra Road]	Residential	518,000
Jamatkhana Temple [4000 May Drive]	Institutional	30,000
Oxford Lane [4588 Dubbert Street]	Residential	64,000
Central at Garden City (SmartREIT) [4731-4751 McClelland Road, 9251 Alderbridge Way]	Commercial	284,000
Fire Hall #3 [9680 Cambie Road]	Commercial	24,995
Total:		1,679,995



### **Customer Service**

ADEU provides support 24 hours a day, 7 days a week. 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 GHGs that cause climate change, develop renewable energy and support local green jobs.

Amount of Energy delivered by the end of 2017, 16,557 MWh. Greenhouse Gas Performance by the end of 2017, 2,482 tonnes of CO<sub>2</sub>e avoided, equal to removing 530 cars from City of Richmond roads for one year.

### **2017 Financial Summary**

The total net book value of ADEU capital asset to date is \$22 million. Revenue from ADEU customers has been gradually increasing in pace with the occupancy of serviced buildings. Revenue from operations for 2017 was \$1,714,058 (2016 – \$1,255,505). Revenue increased by \$458,553, 37% increase comparing to 2016.

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 and contract services) from operations were \$355,251 (2016 – \$191,134).

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 8.27% and payback period is 20 years. In the context of a growing customer base, ADEU financial, operational and environmental results show the DEU is progressing as planned.

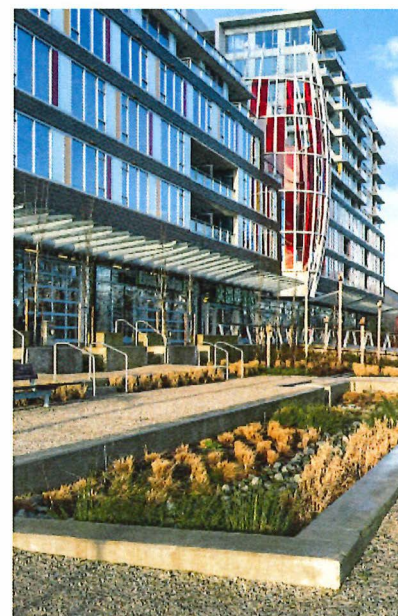
## ■ APPENDIX B—OVAL VILLAGE DISTRICT ENERGY UTILITY

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 serviced its first customers in 2015, and currently services 8 buildings which contain 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 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 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 be built with in-building equipment which would use a combination of electricity and natural gas to provide space and domestic hot water heating. 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.

### 2017 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 (\$0.0495 per sq. ft.); and
- Volumetric Charge: Charge based on the energy consumed by the building (\$30.5 per MWh).

### Buildings

Address	Use	Area (sq. ft.)
Polygon Carrera	Residential	377,404
Onni Riva Building 1	Residential	155,942
Onni Riva Building 2	Residential	196,967
Intracorp River Park Place 1	Residential	191,662
Cressey Cadence	Residential	276,826
Amacon Tempo	Residential	214,266
Onni Riva Building 3	Residential	155,829
ASPAC 9	Residential	323,111
Total:		1,892,007



### Customer Service

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

### Energy and Greenhouse Gas Emissions (GHGs)

Amount of Energy delivered by the end of 2017, 16,015 MWh. Over the project's lifetime, the OVDEU system is anticipated to reduce the GHG emissions by more than 52,000 tonnes of CO<sub>2</sub> as compared to business as usual.

### 2017 Financial Summary

The total net book value of OVDEU capital asset to date is \$9.4 million. Revenue from OVDEU customers has been significantly increasing in pace with the occupancy of three new serviced buildings. Revenue from operations for 2017 was \$1,314,712 (2016 – \$604,919). Revenue increased by \$709,793 compared to 2016.

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.

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



## ■ APPENDIX C—AWARDS & RECOGNITION

Awarding Body	Award	Date	Comments
Association of Consulting Engineering Companies	<b>Canadian Consulting Engineering Award of Excellence</b>	2017	This award is the most prestigious mark of recognition in Canadian engineering and is given to projects that exhibit a high quality of engineering, imagination and innovation.
Association of Energy Engineers	<b>Canada Region Institutional Energy Management Award</b>	2017	The Region Institutional Energy Management Award recognizes organizations and companies for their dedication and performance in the energy efficiency and renewable energy industry. This prestigious award recognizes the City for leading the way with its District Energy implementation program.
Canadian Wood Council	<b>UBCM Community Recognition Award</b>	2017	It recognizes leadership in the use of wood, both architecturally and structurally, in the City's Alexandra District Energy Utility building. The building construction uses local, innovative low carbon wood for structural elements as well as interior and exterior cladding.
International District Energy Association	<b>System of the Year</b>	2016	IDEA System of the Year is the highest honour IDEA can confer on a district energy system. It recognizes an exemplary district energy system providing 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—Best Practices, Excellence in Action recognizes communities that have demonstrated exemplary leadership through policies, decision-making or actions that have made a difference for their residents. It showcases municipalities and regional districts who "lead the pack," take risks to innovate, establish new partnerships, question established ways of doing business and pioneer new customer service practices.



<b>Awarding Body</b>	<b>Award</b>	<b>Date</b>	<b>Comments</b>
Canadian GeoExchange Coalition	<b>Excellence Award</b>	2014	The Canadian Geo-exchange Coalition Excellence Award recognizes regional geothermal heat pump projects that showcase both complexity and 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.
Canadian Consulting Engineer Magazine & the Association of Consulting Engineering Companies—Canada	<b>Award of Excellence</b> (Natural Resources, Mining, Industry and Energy Category)	2013	This award is the most prestigious mark of recognition in Canadian engineering and is given to projects that exhibit a high quality of engineering, imagination and innovation.
Public Works Association of British Columbia	<b>Project of the Year</b>	2013	This award is given to a municipality that constructs a major and complex public works or utilities project that meets specific criteria including innovative design with project benefits for the community and environment.
International District Energy Association	<b>Certificate of Recognition—Innovation Awards</b>	2013	This program highlights examples 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 Awards distinguish best project submissions from a country. It is awarded annually to projects focusing on energy efficiency, renewable energies and the conservation of resources.

## ■ APPENDIX D—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. LIEC was incorporated in August 2013.

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. Two service areas were established through the Service Area Bylaws: Alexandra District Energy Utility (Bylaw No. 8641) and Oval Village District Energy Utility (Bylaw No. 9134). Through these Bylaws, all existing and future customers in the service areas are mandated to connect and use space heating and domestic hot water heating from LIEC, as well as space cooling in the ADEU service area.

On October 30, 2014, LIEC and Corix entered into a 30 year Concession Agreement (the "Agreement"), to complete a public-private partnership project, whereby Corix will design, construct, finance, operate, and maintain infrastructure in the Oval Village District Energy Utility service area. The total estimated capital construction cost of the Oval Village District Energy Utility is \$39,888,000 and will accrue interest which will be repaid over the term of the agreement. The payment schedule is dependent on the timing and amount of the capital construction.

The Company will make payments to Corix based on Corix's Annual Revenue Requirement. The Annual Revenue Requirement is based on the utility cost of service rate-setting principles in British Columbia utilizing forward test years. The Annual Revenue requirement combines a fixed charge amount to recover Corix's fixed costs (the "Capacity Charge") and a volumetric charge expressed as an amount per megawatt hour of energy provided to the Company in order to recover Corix's variable costs (the "Commodity Charge"). The Capacity Charge includes maintenance, labour, depreciation, interest, Return of Equity and other selling, general and administration costs. The Commodity Charge includes natural gas and electricity costs. These costs will be repaid over time by revenue generated through future customer rates.

On December 31, 2016, City of Richmond transferred the Alexandra District Energy Utility to LIEC in order for LIEC to manage its operations and services. The transfer was completed on March 31, 2017, and LIEC now effectively manages all district energy initiatives.

LIEC has historically followed the Public Sector Accounting Board (PSAB) in the preparation of its financial statements. With all energy operations now consolidated under LIEC, management and LIEC's auditors confirmed that LIEC can be classified as a Government Business Enterprise (GBE). As a GBE, LIEC's financial statements will be prepared under International Financial Reporting Standards (IFRS).



## Financial Summary

Financial statements (Appendix E) provide information about the financial position, performance and changes in the financial position 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") as issued by the International Accounting Standards Board ("IASB"). These are the first financial statement prepared in accordance with IFRS. In preparing its opening IFRS statement of financial position, management are required to make adjustments from PSAB to IFRS. The financial statements have been audited by the independent firm KPMG LLP and their report precedes the financial statements.

LIEC's overall financial position improved by \$7,626,379 in 2017 with total assets of \$39,748,218 (2016 – \$32,121,839). Total assets are comprised of current assets (cash, investments, and receivables) of \$7,715,430 (2016 – \$808,330) and plant and equipment of \$32,032,788 (2016 – \$31,255,922). The existing cash balances are set aside for future capital replacements and to build a reserve fund in order to ensure rate stability for rate payers.

The current assets increased by \$6,849,513, mainly due to completion of the ADEU transfer and developers' contributions. Plant and equipment increased by \$776,866, bringing the total to \$32,032,788. The increase is the net result of capital additions in the year offset by amortization expense.

LIEC's long-term liabilities of \$9,906,741 (2016 – \$7,919,576) consist of deferred contributions and concession liabilities. The deferred contributions are the fees received from developers to recover the cost of the initial connection, including installation of the energy transfer station. Under IFRS, the contributions are recognized over the useful life of equipment from the available to use date. Therefore, these contributions are deferred and recognized as long-term liabilities of the company.

The concession liabilities represent the 30 year concession agreement between LIEC and Corix Utilities Inc. (Corix), where Corix designs, constructs, finances, operates, 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 is equal to the total assets minus its total liabilities; it measures the company's financial health. In 2017, LIEC's shareholder equity was \$28,289,134 (2016 – \$23,007,692), which indicates that the company's value has increased by \$5,281,442, showing good financial health of the company.

The metered billings (user fee) revenues reflect a full year of energy sales to a number of buildings that were connected in 2017. The metered billings revenue was \$1,314,712 from the Oval Village District Energy Utility (OVDEU) and \$1,714,058 from the Alexandra District Energy Utility (ADEU). Overall, 2017 actual revenues of \$3,028,769 are in line with the projected revenues.

Compared to 2016, the metered billing revenue in OVDEU increased by \$709,793, which is mainly due to three new buildings connecting the OVDEU. The metered billing revenue in ADEU is increased by \$458,553. This increase is mainly due to a new connected building and a full year of service for buildings connected in late 2016.

The operating expense is classified in the cost of sales which is the direct variable cost relating to operating revenue, which includes utilities (electricity and natural gas) and contract services. The plant operating expense is under budget by \$198,634, due to efficient operations and fewer maintenance incidents.

The general and administration expenses are expenditures that LIEC will incur to engage in business activities such as salaries and benefits, administration expense, professional fees, insurance expense, etc. Overall, there is a favourable variance with respect to expenses.

Overall, LIEC's revenues exceeded expenses resulting in a net income of \$1,041,554. Pursuant to the financial model approved by Council, the net income will be set aside in LIEC's equity to build a reserve fund for future capital replacement and in order to ensure long-term rate stability for rate payers. Although LIEC is still in the start-up phase, the financial statements show that LIEC's financial position is very good.

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

Period of incorporation on  
January 1, 2017 to December 31, 2017



KPMG LLP  
 Metro Tower I  
 4710 Kingsway, Suite 2400  
 Burnaby BC V5H 4M2  
 Canada  
 Telephone (604) 527-3600  
 Fax (604) 527-3636

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of Lulu Island Energy Company Ltd.

We have audited the accompanying financial statements of Lulu Island Energy Company Ltd., which comprise the statement of financial position as at December 31, 2017, the statements of comprehensive income (loss), changes in equity and cash flows for the year ended December 31, 2017 and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lulu Island Energy Company Ltd. as at December 31, 2017 and its results of operations, its financial performance and its cash flows for the year ended December 31, 2017 in accordance with International Financial Reporting Standards.

*Comparative Information*

We draw attention to note 20 to the financial statements which describes that the Company adopted International Financial Reporting Standards on January 1, 2017 with a transition date of January 1, 2016. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2016 and January 1, 2016 and the statements of comprehensive income (loss), changes in equity and cash flows for the year ended December 31, 2016 and related disclosures.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Burnaby, Canada  
April 25, 2018

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Financial Position

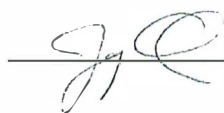
	December 31, 2017	December 31, 2016	January 1, 2016
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 710,775	\$ 170,358	\$ -
Accounts receivable (note 6)	1,127,151	695,559	-
Other investments (note 7)	5,516,738	-	-
Due from the City to Richmond (note 8, 14)	360,766	-	93,677
	7,715,430	865,917	93,677
Non-current assets:			
Plant and equipment (note 9)	32,032,788	31,255,922	4,508,862
<b>Total Assets</b>	<b>\$ 39,748,218</b>	<b>\$ 32,121,839</b>	<b>\$ 4,602,539</b>
<b>Liabilities and Shareholder's Equity (Deficiency)</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 256,582	\$ 84,967	\$ 2,208
Due to the City of Richmond (note 8, 14)	-	52,631	-
Current portion of deferred developer contributions (note 10)	106,761	99,973	50,466
Current portion of concession liability (note 11)	1,187,000	957,000	931,000
	1,550,343	1,194,571	983,674
Non-current liabilities:			
Deferred developer contributions (note 10)	3,521,677	2,685,681	751,143
Concession liability (note 11)	6,387,064	5,233,895	2,995,341
	9,908,741	7,919,576	3,746,484
<b>Total liabilities</b>	<b>11,459,084</b>	<b>9,114,147</b>	<b>4,730,158</b>
Shareholder's equity (deficiency):			
Share capital and contributed surplus (note 15)	27,397,115	23,157,227	1
Retained earnings (deficit)	892,019	(149,535)	(127,620)
	28,289,134	23,007,692	(127,619)
<b>Total liabilities and shareholder's equity (deficiency)</b>	<b>\$ 39,748,218</b>	<b>\$ 32,121,839</b>	<b>\$ 4,602,539</b>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Comprehensive Income (Loss)

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue (note 14)	\$ 3,943,769	\$ 604,919
Cost of sales:		
Operating expenses	(1,113,391)	(391,147)
Depreciation	(1,022,738)	(200,820)
	(2,136,129)	(591,967)
Gross profit	1,807,640	12,952
Expenses:		
General and administrative	(713,878)	(32,587)
Net income (loss) before undernoted items	1,093,762	(19,635)
Developer contributions, other income and net finance cost:		
Developer contributions	99,974	50,465
Other income (note 14)	115,280	144,780
Net finance income (cost) (note 5)	(267,462)	(197,525)
	(52,208)	(2,280)
Net income (loss) and comprehensive income (loss)	\$ 1,041,554	\$ (21,915)

See accompanying notes to financial statements.

**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Changes in Equity (Deficiency)

Year ended December 31, 2017, with comparative information for 2016

	Share capital	Contributed surplus	Retained earnings (deficit)	Shareholder's equity (deficiency)
Balance January 1, 2016	\$ 1	\$ -	\$ (127,620)	\$ (127,619)
Net loss and comprehensive loss	-	-	(21,915)	(21,915)
Contributed surplus (note 14(a))	-	23,157,226	-	23,157,226
Balance December 31, 2016	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 14, 15)	-	4,239,884	-	4,239,884
Balance December 31, 2017	\$ 5	\$ 27,397,110	\$ 892,019	\$ 28,289,134

See accompanying notes to financial statements.



**LULU ISLAND ENERGY COMPANY LTD.**

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Net income (loss)	\$ 1,041,554	\$ (21,915)
Adjustments for:		
Depreciation	1,022,738	200,820
Recognition of deferred contributions	(99,974)	(50,465)
Change in non-cash working capital:		
Due (to) from the City of Richmond	(413,397)	146,309
Accounts receivable	(431,592)	(573,991)
Accounts payable and accrued liabilities	171,616	82,758
Deferred developer contributions	826,977	1,086,770
Net change in cash from operating activities	2,117,922	870,286
Investments:		
Acquisition of plant and equipment	(1,757,760)	(1,674,439)
Purchase of investments	(5,516,738)	-
Net change in cash from investing activities	(7,274,498)	(1,674,439)
Financing:		
Issuance of common shares	4	-
Contributed surplus	4,198,040	-
Concession liability	1,498,949	974,511
Net change in cash from financing activities	5,696,993	974,511
Net change in cash	540,417	170,358
Cash, beginning of year	170,358	-
Cash, end of year	\$ 710,775	\$ 170,358
Non-cash items (note 14(a)):		
Transfer of plant and equipment from shareholder	\$ 41,844	\$ 23,157,226

See accompanying notes to financial statements.

# LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

## 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"). These are the Company's first financial statements prepared in accordance with IFRSs and IFRS 1, *First-time Adoption of International Financial Reporting Standards*, has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 20.

The financial statements were approved and authorized for issue by the Board of Directors April 25, 2018.

### (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, 2017

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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 10 - recognition of deferred developer contributions

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

Note 6 - valuation of accounts receivable

Note 9 - useful lives of plant and equipment

Note 13 - 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 and in preparing the opening IFRS statement of financial position at January 1, 2016 for the purposes of the transition to IFRS, 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, 2017

### 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, 2017

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

#### (b) Revenue recognition:

The Company recognizes revenue related to metered billings for the provision of energy and other services 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 the payment is being 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, is recorded under concession liabilities (note 11).

#### (d) Income taxes:

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

#### (e) Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### (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.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

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

#### (g) Financial instruments:

##### (i) Non-derivative financial assets and liabilities:

Non-derivative financial assets and non-derivative financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

The Company classifies its financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Other investments	Loans and receivables
Accounts receivable	Loans and receivables
Due from the City of Richmond	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Due to the City of Richmond	Other financial liabilities
Concession liability	Other financial liabilities

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are accounted for at amortized cost, using the effective interest method, less any impairment losses. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, due to the City and the concession liability which are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are accounted for at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company does not have any financial instruments required or elected to be subsequently recorded at fair value.

##### (ii) Share capital:

The share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

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

#### (h) Impairment:

##### (i) Financial assets (including receivables):

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can be include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individual significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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

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

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

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

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

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

#### (h) Impairment (continued):

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

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

#### (i) Pension benefits:

The Company and its employees participate in the Municipal Pension Plan, a multi-employer defined benefit. 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) New standards and interpretations not yet adopted:

##### (i) IFRS 15 Revenue from Contracts with Customers:

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

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.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.



## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

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

#### (j) New standards and interpretations not yet adopted (continued):

##### (ii) 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 extent of the impact of adoption of the standard has not yet been determined.

##### (iii) IFRS 9 Financial Instruments:

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

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

(i) New standards and interpretations not yet adopted (continued):

(iii) IFRS 9 Financial Instruments (continued):

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

### 4. Personnel expenses:

	December 31, 2017	December 31, 2016
Wages and salaries	\$ 578,697	\$ -
Other payroll expenses	28,650	-
	<u>\$ 607,347</u>	<u>\$ -</u>

### 5. Net finance income (cost):

	December 31, 2017	December 31, 2016
<i>Finance income:</i>		
Investment interest	\$ 55,587	\$ -
Bank interest	6,902	-
Other	2,692	-
	<u>65,181</u>	<u>-</u>
<i>Finance cost:</i>		
Finance expense on concession liability	(332,643)	(197,525)
Net finance cost	<u>\$ (267,462)</u>	<u>\$ (197,525)</u>

### 6. Accounts receivable:

	December 31, 2017	December 31, 2016	January 1, 2016
Trade receivables	\$ 13,163	\$ 371,787	\$ -
Unbilled trade receivables	1,094,777	320,867	-
Sales tax receivable	19,211	2,905	-
	<u>\$ 1,127,151</u>	<u>\$ 695,559</u>	<u>\$ -</u>

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements

Year ended December 31, 2017

**7. Other investments:**

Investments represent cash term deposits as follows:

Purchase date	Maturity date (interest rate)	December 31, 2017	December 31, 2016	January 1, 2016
May 12, 2017	May 12, 2018 (1.80%)	\$ 2,000,000	\$ -	\$ -
Sept 29, 2017	Sept 29, 2018 (1.95%)	1,505,178	-	-
Nov 22, 2017	Nov 22, 2018 (1.90%)	1,511,560	-	-
Nov 30, 2017	Nov 30, 2018 (2.45%)	500,000	-	-
		<b>\$ 5,516,738</b>	<b>\$ -</b>	<b>\$ -</b>

**8. Due from (to) City of Richmond:**

Due from (to) the City arise in the normal course of business and are non-interest bearing with no stated repayment terms.

**9. Plant and equipment:**

	Energy plant center	General equipment	Distribution piping	Total
<i>Cost:</i>				
Balance as at January 1, 2016	\$ -	\$ 3,050,244	\$ 1,540,521	\$ 4,590,765
Additions	5,031,915	16,992,938	4,923,027	26,947,880
Balance as at December 31, 2016	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
<i>Accumulated depreciation:</i>				
Balance as at January 1, 2016	\$ -	\$ 72,627	\$ 9,276	\$ 81,903
Depreciation	-	164,576	36,244	200,820
Balance as at December 31, 2016	-	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
<i>Net book value:</i>				
At January 1, 2016	\$ -	\$ 2,977,617	\$ 1,531,245	\$ 4,508,862
At December 31, 2016	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

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements

Year ended December 31, 2017

**9. Plant and equipment (continued):**

Included in plant and equipment is \$127,055 (2016 - \$899,762) of assets under construction.

For the year ended December 31, 2017, capitalized borrowing costs related to the construction of the distribution system amounted to \$43,935 (2016 - \$113,085).

**10. 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:

	December 31, 2017	December 31, 2016	January 1, 2016
Deferred developer contributions, beginning of year	\$ 2,785,654	\$ 801,609	\$ -
Developer contributions received	1,011,793	2,053,080	820,179
Cumulative revenue from developer contributions	(169,009)	(69,035)	(18,570)
	3,628,438	2,785,654	801,609
Less: current portion of deferred developer contributions	(106,761)	(99,973)	(50,466)
Non-current deferred developer contributions	\$ 3,521,677	\$ 2,685,681	\$ 751,143

**11. 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 \$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 13.



**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements

Year ended December 31, 2017

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

OVDEU Concession Agreement liability:

	December 31, 2017	December 31, 2016	January 1, 2016
OVDEU Concession Agreement liability	\$ 7,468,915	\$ 6,113,302	\$ 3,888,284
Accrued interest	105,149	77,593	38,057
	7,574,064	6,190,895	3,926,341
Less: current portion of concession liability	(1,187,000)	(957,000)	(931,000)
Non-current portion of concession liability	\$ 6,387,064	\$ 5,233,895	\$ 2,995,341

The average finance cost on the concession liability is 5.5% for the year ended December 31, 2017 (2016 - 6.15%).

The concession liability is repayable as follows:

2018	\$ 1,187,000
2019	1,475,000
2020	1,787,000
2021	1,860,000
2022 and thereafter	1,265,064
Total	\$ 7,574,064

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

Balance January 1, 2017	\$ 6,190,895
Additions	1,282,551
Finance expense	376,579
Net repayment	(275,961)
Balance December 31, 2017	\$ 7,574,064

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

### 12. Limited Guarantee Agreement:

On October 30, 2014, the Concessionaire and the City entered into a Limited Guarantee Agreement. The City is the Guarantor and guarantees the performance of some of the Company's obligations under the Concession Agreement to a maximum of \$18.2 million (2016 - \$18.2 million).

### 13. Commitments and contingencies:

#### *Public-private partnership commitments:*

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

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

	Capital commitment	Operating commitment	Total commitment
2018	\$ 144,977	\$ 1,042,023	\$ 1,187,000
Total	\$ 144,977	\$ 1,042,203	\$ 1,187,000

### 14. Related party transactions:

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

#### (a) Asset transfer from the City of Richmond:

On December 31, 2016, the Alexandra District Energy Utility ("ADEU") plant and equipment were transferred to the Company from the City as part of the first transfer of an Asset Purchase Agreement dated December 16, 2016. The transfer occurred at net book value of \$23,157,226 and was recognized within equity as shareholder contributed surplus.

Effective January 1, 2017, the ADEU operations were transferred to the Company from the City.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

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

March 31, 2017 the City transferred the second transfer of the ADEU assets to the Company consisting of plant and equipment, cash and balances due from the City at its net book value of \$3,839,888 and was recognized within equity as shareholder contributed surplus. At the same time, the Company issued 350 common shares to the City in consideration for the total ADEU asset transfers recognized within equity as share capital.

During 2017, the Company received an additional \$400,000 equity contribution from the City relating to fund capital projects. These funds have been recorded as an increase in contributed surplus.

#### (b) Due from/to City of Richmond:

During 2017, the Company received and recognized in revenues \$915,000 (2016 - nil) 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.

In addition, included in revenue for 2017 is \$29,972 (2016 – nil) for district energy utility services rendered by the Company to the City.

During 2017, the Company received and recognized energy model review fees into other income of \$115,280 (2016 - \$49,780) relating to district energy permit fees collected by the City for in-building district energy related equipment reviews performed by the Company.

During 2017, \$93,560 (2016 – nil) 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 in General and administrative expenses.

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.

#### (c) Key management personnel

The Company did not enter into any transactions with key management personnel in the year ended December 31, 2017 (2016 – none).

No key management personnel are remunerated by the Company. A fee of \$48,152 (2016 – nil), 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.

## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

### 15. Share capital:

At December 31, 2017, the authorized share capital comprised 10,000 (2016 - 10,000) common shares without par value.

In March 2017, the Company issued 350 common shares (2016 - nil) at \$0.01 per share totaling \$4 (2016 - nil) and received \$3,839,884 of contributed surplus (2016 - \$23,157,226) (note 14(a)).

### 16. Fair values:

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

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

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

#### (a) Current assets and liabilities:

The carrying amounts for cash and cash equivalents, investments, due from (to) the City and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these items.

#### (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 variable interest rate applied (level 3 inputs).



## LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2017

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

#### (a) Overview

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

- Credit risk
- Liquidity risk
- 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, 2017 and 2016 all trade and other receivables were neither past due (current) nor impaired and related to end-user customers in the City's geographic region.

##### (ii) Other investments:

Credit risk arising from other financial assets of the Company comprises cash 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, 2017

**17. Financial risk management and financial instruments (continued):****(e) 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 noted 13.

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, 2017	\$ 7,574,064	\$ 8,713,553	\$ 1,219,206	\$ 1,598,346	\$ 5,896,001
December 31, 2016	6,190,895	7,225,361	985,989	1,298,167	4,941,205
January 1, 2016	3,926,341	4,432,949	959,201	1,046,627	2,427,121

**(f) 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, 2017

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### 18. Capital management:

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

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

There were no changes in the Company's approach to capital management during the year (2016 - no changes).

### 19. Pension plan:

The Company and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 \$40,148 (2016 - nil) for employer contributions to the Plan in 2017.

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).

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements

Year ended December 31, 2017

**20. Explanation of transition to IFRS:**

As stated in note 2(a), these are the Company's first financial statements prepared in accordance with IFRS.

The Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB") up to and including December 31, 2016; and have been restated using IFRS for these financial statements.

The Company has not elected to take any of the optional exemptions from full retrospective application. All mandatory exemptions have been adopted and applied.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous PSAB. An explanation of how the transition from previous PSAB to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

**(a) Reconciliation of equity:**

	January 1, 2016	December 31, 2016
Accumulated surplus under PSAB	\$ 550,747	\$ 25,189,537
Changes from PSAB to IFRS:		
Capitalization of interest (note 20(c)(i))	136,952	250,038
Amortization of developer contributions (note 20(c)(ii))	(801,609)	(2,401,262)
Changes in depreciation (note 20(c)(iii))	(13,710)	(30,622)
Retained earnings under IFRS	(678,367)	(2,181,846)
Share capital	1	1
Shareholder's Equity under IFRS	\$ (127,619)	\$ 23,007,692



**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements

Year ended December 31, 2017

**20. Explanation of transition to IFRS (continued):**

(b) Reconciliation of comprehensive income (loss) for the year ended December 31, 2016:

	2016 PSAB	Effect of transition	2016 IFRS
Revenue	\$ 604,919	\$ -	\$ 604,919
Cost of sales:			
Operating expenses (note 20(c)(i))	(701,758)	310,611	(391,147)
Depreciation (note 20(c)(iii))	(183,908)	(16,912)	(200,820)
	(885,666)	293,699	(591,967)
Gross (loss) profit	(280,747)	293,699	12,952
Expenses:			
General and administrative (note 20(c)(ii))	(56,907)	24,320	(32,587)
Net income (loss) before undernoted items	(337,654)	318,019	(19,635)
Developer contributions, other income and financing:			
Developer contributions (note 20(c)(ii))	1,674,439	(1,623,974)	50,465
Other income	144,780	-	144,780
Finance expense	-	(197,525)	(197,525)
	1,819,219	(1,821,499)	(2,280)
Net income (loss) and comprehensive income (loss)	\$ 1,481,565	\$ (1,503,480)	\$ (21,915)

(c) Notes to the reconciliations:

(i) Interest capitalization:

Under previous PSAB, the Company expensed borrowing costs as incurred. Under IFRS, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized and amortized once the related asset is available for use, using the effective interest method.

The impact arising from the change is summarized as follows:

	January 1, 2016	December 31, 2016	Total
Decrease in financing cost	\$ 136,952	\$ 113,086	\$ 250,038
Increase in shareholder's equity	\$ 136,952	\$ 113,086	\$ 250,038

**LULU ISLAND ENERGY COMPANY LTD.**

Notes to Financial Statements

Year ended December 31, 2017

**20. Explanation of transition to IFRS (continued):**

## (c) Notes to the reconciliations:

## (ii) Developer contributions:

Under previous PSAB, the Company recorded full amount of developer contributions on connection of the building. Refunds to developers were expensed when the payment was made. Under IFRS, the contributions, net of any refunds to developers, are deferred and recognized in line with the cost of the related asset, over 25 years from the date the asset is available for use, which is the date the building is connected.

The impact arising from the change is summarized as follows:

	January 1, 2016	December 31, 2016	Total
Decrease in developer contributions	\$ (801,609)	\$ (1,623,974)	\$ (2,425,583)
Decrease in expense	-	24,320	24,320
Decrease in shareholder's equity	\$ (801,609)	\$ (1,599,654)	\$ (2,401,263)

## (iii) Depreciation:

Under IFRS, depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. As a result of the adoption of IFRS, the componentization of assets were revised along with their estimated useful lives (see note 3). Due to a change in useful lives and the capitalization of borrowing costs (note 20 (c)(i)), the depreciation expense has changed accordingly.

The impact arising from the change is summarized as follows:

	January 1, 2016	December 31, 2016	Total
Increase in depreciation expense	\$ (13,710)	\$ (16,912)	\$ (30,622)
Decrease in shareholder's equity	\$ (13,710)	\$ (16,912)	\$ (30,622)

## (d) Material presentation adjustments:

Interest paid/accrued has been presented separately in the statements of comprehensive income (loss) and cash flows. There are no other material differences in presentation between the statements of comprehensive income (loss) and cash flows presented under IFRSs and the statements of operations and cash flows presented under PSAB.



## Lulu Island Energy Company

6911 No. 3 Road, Richmond, BC V6Y 2C1

Telephone: 604-276-4000

[www.luluislandenergy.ca](http://www.luluislandenergy.ca)

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