



City of Richmond

REVISED Notice and Agenda Special Council Meeting

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

Date: Monday, June 5, 2023
Time: 4:00 p.m.
Place: Council Chambers
Richmond City Hall
6911 No. 3 Road

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

The purpose of the meeting is to consider the following:

CALL TO ORDER

UPDATED RECESS FOR OPEN AND CLOSED GENERAL PURPOSES COMMITTEE, OPEN FINANCE COMMITTEE AND CLOSED SPECIAL COUNCIL

UPDATED RECONVENE FOLLOWING OPEN AND CLOSED GENERAL PURPOSES COMMITTEE, OPEN FINANCE COMMITTEE AND CLOSED SPECIAL COUNCIL

RICHMOND OLYMPIC OVAL CORPORATION

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

CNCL-5

See Page CNCL-5 for full report

**CNCL – 1
(Special)**

Special Council Agenda
Monday, June 5, 2022

RESOLVED THAT:

(1) *The Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2022 to December 31, 2022, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 20, 2023 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 1, 2023;*

(2) *In accordance with the Company's Articles, the following persons are hereby elected as directors of the Company, to hold office for the term ending immediately prior to the annual general meeting of the Company held in 2025:*

<u>Name</u>	<u>Term</u>
i. Dennis Skulsky	2025
ii. Moray Keith	2025
iii. Umendra Mital	2025
iv. Lisa Cowell	2025
v. Chris Gear	2025
vi. Christine Nesbitt; and	2025
vii. Wayne Duzita	2025

(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 2022 Annual Report of the Company is hereby received; and*

(5) *June 5, 2023 be and is hereby selected as the annual reference date for the Company for its current annual reference period.*



Special Council Agenda
Monday, June 5, 2022

LULU ISLAND ENERGY COMPANY

2. **UNANIMOUS RESOLUTIONS OF THE SHAREHOLDER OF LULU ISLAND ENERGY COMPANY LTD.**
(File Ref. No.: 01-0060-20-LIEC1) (REDMS No. 7240852)

CNCL-65

See Page **CNCL-65** for full report

RESOLVED THAT:

- (1) *the shareholder acknowledges that the financial statements of the Company for the period ended December 31, 2022, and the report of the auditors thereon, have been provided to the shareholder in accordance with the requirements of the British Columbia Business Corporations Act;*
- (2) *all lawful acts, contracts, proceedings, appointments and payments of money by the directors of the Company since the last annual reference date of the Company, and which have previously been disclosed to the shareholder, are hereby adopted, ratified and confirmed;*
- (3) *the number of directors of the Company is hereby fixed at 6;*
- (4) *the following persons, each of whom has consented in writing to act as a director, are hereby elected as directors of the Company, to hold office until the next annual general meeting of the Company or unanimous resolutions consented to in lieu of holding an annual general meeting, or until their successors are appointed:*
 - i. *Cecilia Maria Achiam*
 - ii. *Jerry Ming Chong*
 - iii. *John David Irving*
 - iv. *Joseph Erceg*
 - v. *Kirk Taylor*
 - vi. *Anthony Capuccinello Iraci*
- (5) *KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors; and*
- (6) *June 5 2023 is hereby selected as the annual reference date for the Company for its current annual reference period.*



**Special Council Agenda
Monday, June 5, 2022**

ADJOURNMENT



A handwritten signature in blue ink, reading "Claudia Jesson".

Claudia Jesson
Corporate Officer

To: Mayor and Councillors (“the Shareholder”)

Date: May 15, 2023

From: Dennis Skulsky
Chair of the Board of Directors
Richmond Olympic Oval Corporation

Re: **Notice to the Shareholder of the 2023 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 5, 2023 at a Special meeting of Council at the Richmond City Hall.

Appendix A	Notice of AGM, to be sent at least 10 days prior to the AGM to: <ul style="list-style-type: none">• the City;• each member of the Board; and• the auditors
Appendix B	2022 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">• The appointment of Directors• The appointment of Auditors
Appendix D	Notice of Appointment of Auditor
Appendix E	2022 Annual Report



Dennis Skulsky
Chair of the Board of Directors
Richmond Olympic Oval Corporation

/il
Atta:

Notice of Annual General Meeting

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

Richmond Olympic Oval Corporation
(the “**Corporation**”)

will be held on June 5, 2023 at a Special Meeting of Council at the Richmond City Hall, 6911 No. 3 Road, Richmond, British Columbia for the following purposes:

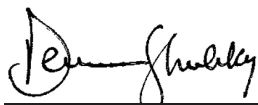
1. to acknowledge and confirm previous receipt of the audited financial statements of the Corporation for the fiscal year ended December 31, 2022 and the report of the auditors thereon;
2. to elect directors to the board of directors of the Corporation (the “**Board**”);
3. to appoint auditors of the Corporation for the 2023 fiscal year and to authorize the Board to fix the auditors’ remuneration;
4. to acknowledge and confirm receipt of the Corporation’s 2022 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 5, 2023 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, 2022 to December 31, 2022 and the report of the auditors thereon are attached to this Notice of Annual General Meeting.

Dated this 15th day of May, 2023.

On behalf of the Board of Directors



Dennis Skulsky
Board Chair

Financial Statements of

**RICHMOND OLYMPIC OVAL
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Richmond Olympic Oval Corporation

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in the 2022 annual report.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2022 annual report as at the date of this auditor's report.

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

We have nothing to report in this regard

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

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

We also:

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

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

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

Chartered Professional Accountants

Vancouver, Canada
April 20, 2023

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

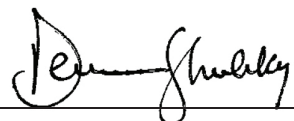
	2022	2021
Financial Assets		
Cash	\$ 1,743,783	\$ 1,358,636
Investments (note 3)	14,206,580	11,576,894
Accounts receivable	595,183	331,912
Due from City of Richmond (note 4)	16,968	-
Inventories held for resale	160,232	139,566
	16,722,746	13,407,008
Liabilities		
Accounts payable and accrued liabilities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

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

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

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

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

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

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

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

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

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

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

1. Incorporation and nature of business:

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

2. Significant accounting policies:

(a) Basis of presentation:

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

(b) Revenue recognition:

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

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

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

(c) Financial instruments:

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

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

(d) Non-financial assets:

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

2. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(i) Tangible capital assets:

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

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

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

(ii) Impairment of tangible capital assets:

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

(e) Pension plan:

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

(f) Income taxes:

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

(g) Functional and object reporting:

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

2. Significant accounting policies (continued):

(h) Budget data:

The budget data presented in these financial statements is based upon the 2022 budget approved by the Board of Directors on December 3, 2021.

(i) Use of estimates:

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

(j) Government transfers:

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

3. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	2022	2021
July 14, 2022	July 14, 2023	\$ 3,987,088*	\$ -
July 19, 2022	July 19, 2023	3,619,492*	-
December 21, 2022	April 21, 2023	6,000,000	-
December 29, 2022	May 1, 2023	600,000	-
March 25, 2021	March 25, 2022	-	2,500,000*
May 25, 2021	May 25, 2022	-	2,570,383*
June 30, 2021	June 30, 2022	-	2,578,346*
July 14, 2021	July 14, 2022	-	3,928,165*
		\$14,206,580	\$ 11,576,894

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

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

4. Due from/to City of Richmond:

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

5. 2010 Games Operating Trust Fund:

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

Effective December 31, 2007:

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

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

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

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

6. Deferred revenue:

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

Deferred revenue comprises of:

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

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

7. Tangible capital assets:

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

7. Tangible capital assets (continued):

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

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

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

There was no write-down of tangible capital assets during the year (2021 - nil).

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

8. Accumulated surplus:

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

9. Financial risk management:

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

(a) Credit risk:

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

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

(b) Market and interest rate risk:

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

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

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

9. Financial risk management (continued):

(c) Liquidity risk:

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

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

There have been no changes in risk disclosures since 2021.

10. Related party transactions:

(a) City of Richmond:

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

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

In 2022, nil (2021 - \$25,000) salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed.

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

During 2022, the Corporation received a contribution from the City of \$3,754,292 (2021 - \$3,669,885) (note 15).

(b) Sport Hosting Function:

Effective July 1, 2011, the Sport Hosting function of the City was transferred to the Corporation. This function is fully funded by the hotel tax. In 2022, \$399,996 (2021 - \$325,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2022, \$817,964 (2021 - \$754,223) has been included in deferred revenue (note 6) and during 2022, \$336,255 (2021 - \$124,867) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

10. Related party transactions (continued):

(b) Sport Hosting Function (continued):

In previous years, the Corporation received hotel tax funding restricted for the purpose of purchasing tangible capital assets related to the Richmond Olympic Experience project. In order to retain the funding received in prior years, the Corporation must maintain and operate the tangible capital assets purchased with these funds over the life of the tangible capital assets. On an annual basis, the Corporation must provide a report to the City as to the use of the funds and the maintenance and operation of these tangible capital assets. As at year-end, \$3,638,995 (2021 - \$3,738,416) of the funds restricted for the purchase of tangible capital assets for the Richmond Olympic Experience remains in deferred revenue and the revenue will be recognized over the life of the underlying assets.

11. Pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the Plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as of December 31, 2021, indicated a \$3,761,000,000 funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024, with results available in 2025.

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

The Corporation paid \$553,353 (2021 - \$524,491) for employer contributions to the Plan in fiscal 2022.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

12. Economic dependence:

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

13. Contractual rights:

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

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

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

14. Other revenue:

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

15. Government transfers:

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

**UNANIMOUS CONSENT RESOLUTIONS OF THE SHAREHOLDER OF
RICHMOND OLYMPIC OVAL CORPORATION**

(the "Company")
(in lieu of the annual general meeting)

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

BE IT RESOLVED THAT:

the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2022 to December 31, 2022, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 20, 2023 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 1, 2023;

In accordance with the Company's Articles, the following persons are hereby elected as directors of the Company, to hold office for the term ending immediately prior to the annual general meeting of the Company held in 2025:

<u>Name</u>	<u>Term</u>
Dennis Skulsky	2025
Moray Keith	2025
Umendra Mital	2025
Lisa Cowell	2025
Chris Gear	2025
Christine Nesbitt	2025
Wayne Duzita	2025

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

the 2022 Annual Report of the Company is hereby received; and

June 5, 2023 be and is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of June 5, 2023
CITY OF RICHMOND

Mayor Malcolm Brodie

BOARD REAPPOINTMENTS:

Background:

The Oval Board was established to function as a business enterprise board and guide the Oval to compete in the commercial and high performance sport markets vs. as a volunteer community board overseeing the operations of a traditional Community Centre. This model was intended to ensure that two important objectives would be met:

1. the Oval would not compete with and/or negatively impact Richmond's extraordinary network of community centres or the community associations that operate them; and;
2. The Oval Corporation would leverage the high performance sport component of the post 2010 Olympic Games Oval to ensure (as per Richmond's bid) that Richmond would receive a minimum of 33% of the maximum possible share of the annual distributions from the 2010 Olympic Games legacy fund, which is distributed between the Oval and two other Whistler post Games venues and administered by the Games Operating Trust (GOT) Board. The Oval has received approximately \$42.5M as of the end of 2021 and this represents approximately 45% of the total annual distributions awarded by the GOT Board. In 2022, the Oval received an additional \$4.2M and the portion of the total annual distribution will be provided through the GOT's audited financial statements which will be received later this year. The positive relationship between the Oval Board, the GOT Board and the Canadian Olympic Committee has been a critical factor in the ongoing financial strength of the Oval.

Accordingly, significant emphasis was placed on attracting a mix of directors who as a collective possess the full range of experience, expertise and contact networks that is best suited to managing and operating this unique type of facility in the respective target commercial recreation and high performance sport environment markets.

Due to two new Councillors having been elected to Richmond City Council since the most recent AGM of the Richmond Olympic Oval Corporation, held in June 2022, and in order to refresh the memories of returning elected officials - a brief comment on the background and specific area of expertise and experience of the directors who are being considered for reappointment to the Board in 2023 has been provided below.

Mini-Bios:

Dennis Skulsky (Board Chair)

Dennis is a seasoned senior executive whose career highlights include 7 seasons as the President & CEO of the BC Lions Football Club and a member of the CFL Board of Directors. Dennis began his career with Southam Inc., working his way up through various positions with Hollinger and CanWest Media. During

this time, Dennis held a Vice President position in charge of international newspapers in Toronto, Chicago & the London Daily Telegraph in England, among others. Subsequently, Dennis moved to Vancouver as the President and Publisher of CanWest Media which included The Vancouver Sun and The Province newspapers, along with Global TV and the majority of other community newspapers across British Columbia, eventually moving back to Toronto to become CEO of CanWest Publications, a \$1.2B major global communications conglomerate.

Dennis has served on many Boards, both corporate and volunteer and he has received an impressive collection of awards and accolades which reflect a very high level of respect for his contributions. With his exceptional career spanning business, media and sports, the Oval is extremely fortunate to have access to Dennis in a leadership role as Chair of the Board.

BOARD ATTRIBUTES:

Executive/leadership – professional sport; sport business; corporate management; media; sales and marketing; significant volunteer contributor

Moray Keith

Moray Keith is a highly-respected business leader, most notably as the President of the Dueck Auto Group, one of the largest automotive dealerships in Canada with several locations, including one in Richmond. Moray also owns and operates a successful leasing company and a substantial marine company, among others. In addition to his corporate interests, Moray serves on the Boards of a number of organizations, both corporate and volunteer.

Moray is the President of the Chiefs Development Group, which built and operates Chilliwack Coliseum, as well as the Langley Events Centre, and the Moose Jaw Multiplex in Moose Jaw, SK. He is a past co-owner of both the WHL Chilliwack Bruins Hockey Club and the BCHL Langley Chiefs Hockey Club, and is the current Co-Owner of the Chilliwack Chiefs BCHL Hockey Club.

Moray currently sits as Chair of the Oval's Business Planning Committee. With his exceptional business acumen, his passion for sport, and his connections to the community, Moray is a valuable asset to the Richmond Olympic Oval Board.

BOARD ATTRIBUTES:

Executive/leadership – sport business; corporate business; commercial finance; sales and marketing; sponsorship

Umendra Mital

Umendra Mital has over 37 years of diverse experience in Federal and Provincial (Deputy Minister and Local (CAO) Governments as well as in the private sector. Currently, Umendra is the Executive Vice President and the General Manager of Ebco Industries Ltd. and Advanced Cyclotron Systems Inc. located in Richmond, both of which are established, successful businesses that deal in international markets. Umendra has had a long career in Executive Management positions including 8 years as the City Manager & 4 years as the General Manager of Engineering Services for Surrey, and 3 years as Deputy Minister in Manitoba amongst others.

With his background spanning all levels of government and the private sector, Umendra brings unique understanding of governance as it relates to a municipal corporation and is a valuable contributor to the Board.

BOARD ATTRIBUTES:

Governance and management – multi-level government management experience (provincial deputy minister/municipal CAO); government relations; corporate management; international business; sales and marketing; engineering

Lisa Cowell

Lisa Cowell has considerable experience working with and engaging the community. Lisa presently works as a Public Relations and Communications consultant with a focus on helping non-profits explore new ways to deliver quality programs and services. She also worked in fundraising and communications in the non-profit sector for more than 20 years. Most recently, Lisa worked for Aspire Richmond (formerly Richmond Society for Community Living), Richmond's largest provider of services for people with disabilities. An active member of the Richmond community, Lisa was recently elected as Chair of the Board of Directors for the Richmond Chamber of Commerce.

In addition to her community involvement, Lisa spends many hours at the Oval and is a true champion of the facility.

BOARD ATTRIBUTES:

Community Engagement and Business Relations – management; significant community volunteer contributor; youth sport

Chris Gear

Chris started his career with one of major Canadian corporate law firms before moving on to a six-year, in-house senior role with VANOC - the organizing committee for the Vancouver 2010 Olympic Winter Games. Following that, Chris spent 12 years, working his way to Assistant General Manager at Canucks Sports & Entertainment where he was responsible for NHL player contracts and various business matters of the hockey team, while also overseeing all legal and risk management activities for the CSE business, Rogers Arena and the Canucks For Kids Fund.

Chris was formerly an All-Canadian university football player at Queen's and now supports his children who are active in a variety of youth sports in Richmond.

With his impressive reach throughout the sports industry, Chris is a valuable asset to the Oval.

BOARD ATTRIBUTES:

Law and Sport Business – executive level legal services; professional sports management; Olympic business; major event planning and management – executive 2010 Olympic Winter Games organizer

Christine Nesbitt, OLY

Christine is a decorated, three-time Olympian, representing Canada in the sport of long-track speed skating. She competed in the Torino 2006, Vancouver 2010 and the Sochi 2014 Winter Olympic Games. Notably, she is the Vancouver 2010 Olympic Champion and Gold medalist in the 1000m, and a member of the 2006 women's Silver medal-winning Team Pursuit. In addition to her two Olympic medals, she is an eight-time World Champion and set two World Records in her career. Christine is an appointed member of the COC's Athletes' Commission, through which she is involved in the planning and delivery of Games for Canadian athletes.

As a member of the Oval Board, Christine continues to have a positive impact on both the high-performance athletes and local community members that train and utilize Richmond's world-class legacy venue.

BOARD ATTRIBUTES:

Athlete – multiple Olympic Games Medalist; multiple World Championships-Champion; COC Athletes' Commission; volunteer contributor-Safe Sport, Sport for Life

Wayne Duzita

In his diverse 50-year career, Wayne Duzita has held a variety of positions within many business sectors including retail, tourism, manufacturing, construction, leasing and marketing. Wayne continues to be an active volunteer in the Richmond community serving as the Co-Chair of the Richmond Christmas Fund, Vice Chair of Tourism Richmond, Co-founder YVR for Kids, Chair of Richmond Cares Richmond Gives Not so Silent Night, Rotary and several political and business associations. Wayne also represented Richmond for many years as your nominee to the Games Operating Trust Board.

Wayne's commitment to the Richmond community continues through his valuable contributions to the Oval Board.

BOARD ATTRIBUTES:

Executive experience – Business Relations; Games Operating Trust; significant volunteer contributor

NOTICE OF APPOINTMENT OF AUDITOR

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

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

DATED as of June 5, 2023.

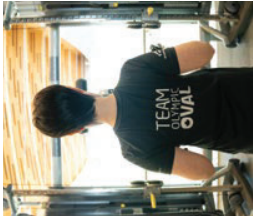
RICHMOND OLYMPIC OVAL
CORPORATION

Rick Dusanj
Chief Financial Officer





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A LETTER FROM THE CHAIR



DENNIS SKULSKY
Chair of the Board of Directors

As Chair of the Board of Directors, I am pleased to present the 2022 Annual Report.

Thanks in part to the guidance and leadership of the 13 members of the Board, liaison and special advisors, the Oval has had a resilient year, achieving successes that demonstrate the facility's position as the community's chosen venue for sport, health, fitness and high performance sport. I extend my many thanks to the Board for their ongoing commitment to the Oval's continued success.

Without limitations on capacities and events, the Oval continued to restore many of its programs and services and trend positively in many aspects, as demonstrated in record registration levels for youth programming such as Learn to Skate. This momentum continued throughout the year, with the Oval team inspired to innovate. Ever keen to provide the community with more value, the opportunity presented to introduce many new and exciting ventures for the facility in 2022. Furthermore, 2022 saw the reopening of the Richmond Olympic Experience, featuring a new surf simulator that celebrates the new Olympic sport of surfing and introduced new exhibits and sport challenges.

I would also like to take a moment to acknowledge our staff's commitment to delivering exceptional customer service, always going above and beyond to ensure that our visitors feel welcome and valued. The dedication of the Oval team makes the Richmond Olympic Oval a special place, and I am incredibly proud of their hard work.

On behalf of the Board, I would like to thank our Chief Executive Officer George Duncan, whose unwavering dedication to the Oval and its continuous advancements have remained a constant source of inspiration. I would also like to thank Mayor and Council for their support. Lastly, I would like to thank the Games Operating Trust for its ongoing financial support and for supporting high-performing athletes in their pursuit of excellence.

In closing, I want to reiterate my sincere appreciation to all of our staff, partners, and volunteers who have worked tirelessly to make the Richmond Olympic Oval such a success. I also want to thank our community for their continued support and participation in the programs and events. We look forward to seeing you at the Richmond Olympic Oval soon.

Sincerely,

Dennis Skulsky
Chair of the Board of Directors

A MESSAGE FROM THE CEO



GEORGE DUNCAN
Chief Executive Officer

As 2022 concludes, the Richmond Olympic Oval experienced a successful year of providing the community with a premier destination for sport, fitness, wellness and events while supporting high performance sport. Throughout the year, the Oval's progressive resumption of services continued to gain momentum, resulting in opportunities for the Oval to expand upon its offerings and for programs to reach new milestones. A shift was marked in 2022 into the next era, building off of the successes over the last 14 years, by making advancements in the facilities and services the Oval provides for the community. Some of the notable innovations from the year include:

- Construction began to create a new outdoor sport and event venue that will create additional opportunities for the community to engage in sport, fitness and culture. Aptly named, The Fields will provide year-round facilities that will address the increased demand that the Oval has experienced for sport programs and event hosting, and will host a variety of activities for both local sport organizations, event organizers and the broader community.
- The Richmond Olympic Experience reopened with enhanced exhibits and a new state-of-the-art surf simulator. The improvements to the Olympic Experience showcase emerging sports like climbing within a collection of interactive exhibits which put visitors and guests into the shoes of athletes. Upon reopening, the museum received the Richmond EPIC Tourism Award for Innovation.
- Five athletes represented the Richmond Olympic Oval at the Youth Lead and Bouldering Nationals, held in Montreal. This milestone is a testament to the Oval's

investment in the sport by improving its climbing facilities in 2020, as a result, we are beginning to see the successes of the program come to fruition.

The Oval has become synonymous with event hosting thanks to its flexible and expansive floor plan. Many events, competitions and tournaments took place throughout the year, spanning from community events such as Push 4 Impact and the Aura Cup to national-level events such as Climbing Escalade Canada's Speed and Lead Nationals and Wheelchair Basketball Women's Nationals. A total of 49 events were hosted at the Oval in 2022.

Additionally, an area of continued strength for the Oval is its youth programming. Year after year, the Oval proves to be a leader in the industry with its youth sport programs, such as sport camps, which adapted programming in 2022 to offer emerging sports that are increasing in popularity. Other youth programs, such as Learn to Skate, have risen in popularity and remain among the Oval's most popular offerings and achieved record registration numbers in 2022.

I would like to thank the Oval staff, who have remained dedicated to providing the community with quality programming and exceptional facilities. I would also like to commend the Oval Corporation's Board of Directors for their valuable contributions in making the Oval's successes a reality.

Looking ahead to an exciting year in 2023, the Oval will continue to build on positive progress and provide additional value for the community. Exciting endeavours like The Fields opening to the public and investments in improving the parking experience for members, guests, and athletes will help take the Oval in its pursuit of achieving its legacy goals and objectives.

George Duncan
Chief Executive Officer

LEGACY GOALS AND OPERATING OBJECTIVES

Operating Agreement Objectives

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

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

The Oval Corporation's Legacy Goals

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

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



2022 AT A GLANCE

5

Athletes Competed
at Climbing
Nationals

5,600

High Performance
Training Sessions

Covid-19
Restrictions
Lifted

49

Events
Hosted

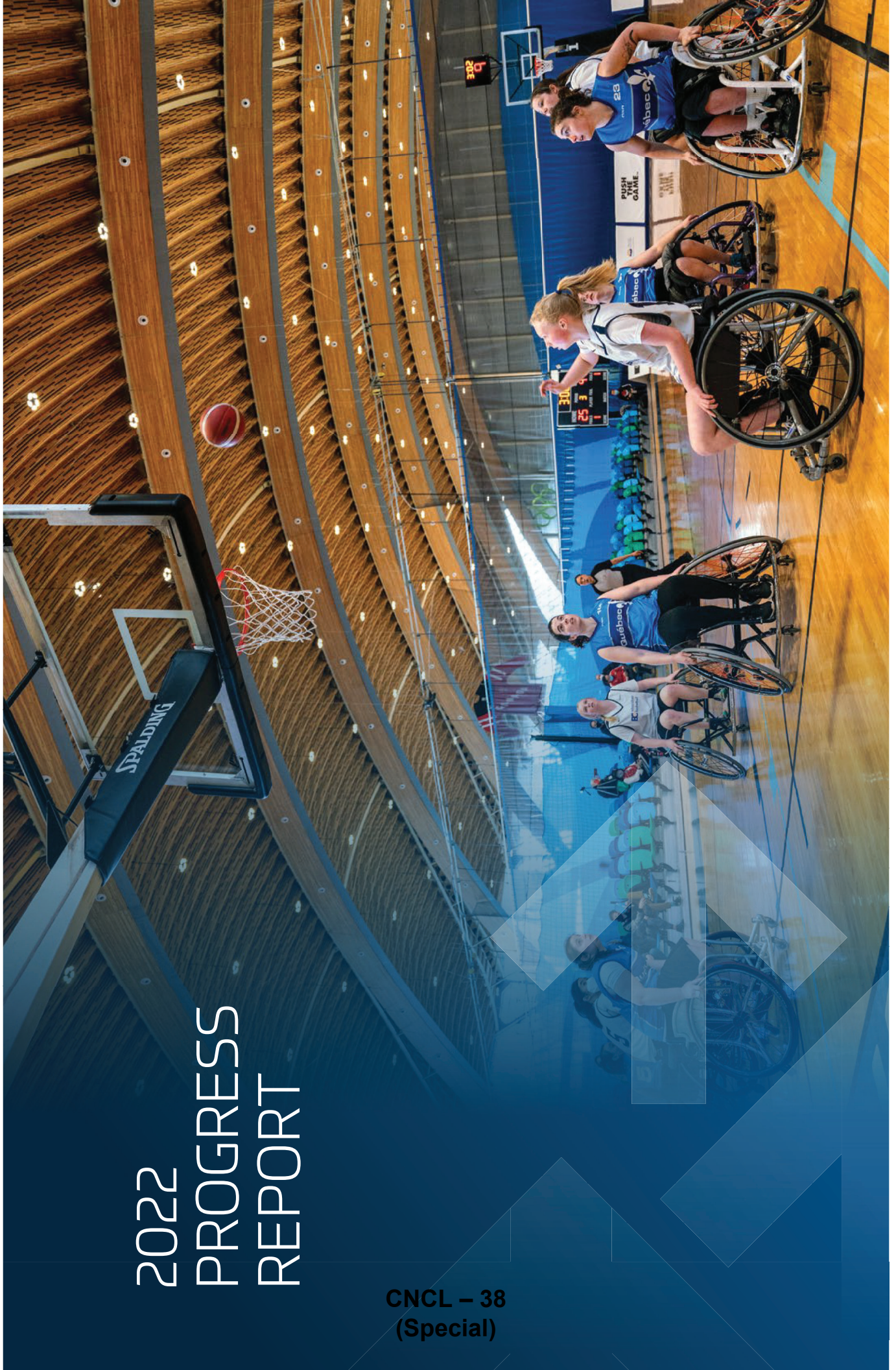
Olympic
Experience
Reopened

Learn to Skate
Highest
Registrations
Ever

The Fields
Broke
Ground

2022 PROGRESS REPORT

CNCL – 38
(Special)





People of the OVAL

Thousands of people visit the Richmond Olympic Oval to work towards their fitness goals, dreams and hobbies. For each, the Oval represents something different: a place to come to work on themselves, a place to heal and get stronger, or for others, a place where their child first stepped on the ice. Through the People of the Oval series, the Oval shared stories on social media of the individuals who train, sweat, work and play at the facility. Over the year, the Oval highlighted the stories of 21 members, coaches, athletes and staff, showcasing the wide variety of people who make up the Oval community and bringing together the diverse group of people who call the Oval their own.



ff

IVY LIAO

National Table Tennis Athlete

Q: How did you stay active throughout school?

A: Throughout elementary and high school, I would join whatever school teams I could. My brother and I helped restart the table tennis team at our high school, and we taught a lot of our classmates, so that was really nice. We also introduced the sport to a lot of our classmates, which was really special.

Q: How does sport enrich your life?

A: Sports help so much physically but also with other aspects of life. With team sports, there's teamwork, resilience and tenacity, and when you balance it with academics and time management, it all ties together and helps a lot in other areas of my life. Sports have taught me a lot.

Q: During the pandemic, how were you able to stay active?

A: The fact that we were able to play table tennis during Covid was great. There's a table in our common space that people don't use a lot, so we go whenever we want. It's very recreational; the floor is a living room carpet and the table is thick, but it's way better than nothing.

Q: How did you get into sports when you were young?

A: I love sports. Before my brother and I started table tennis, my health was not good, so my parents put me into sports. I had to go to the family doctor every month and one day he recommended that I get moving. At the community centre, we'd skate, swim, play basketball – whatever we could!

Q: How did you get into table tennis?

A: When I was seven, the community centres went on strike, so we didn't have access to the facilities. We had a family friend who said to my parents, "Ivy and Frank should try table tennis!" It just so happened that there was a table tennis facility a few blocks away from where we lived. We tried it out and never stopped playing.



**JENNIFER
DHAL**
Oval Member

Q: How long have you been training with Oval Personal Trainer Rose?

A: I would say about eight years. Obviously, there was a break during the pandemic, but when my youngest was one or two years old, I started training with Rose. I train with her once a week. I like it because it's in my calendar, and I can't cancel it; it keeps me accountable.

Q: How often do you do an ATHLETIC class?

A: I do it one to three times a week. On a good week, I go Wednesday, Thursday and Friday, but this doesn't always happen. The personal training really helps with the ATHLETIC class. In my sessions with Rose, I do weight lifting, squats, chest presses and deadlifts; a lot of foundation building. I highly recommend getting a few sessions of personal training so that you can learn how to move correctly for classes like ATHLETIC.

Q: Aside from staying fit, what are you other interests?

A: I didn't go back to work after our third child was born, but I'm very involved in the community. Community building is very important to me. I'm part of the Parent Advisory Committee at my kid's elementary school, and I'm also president of the Thompson Community Association where we help guide programs at the community centre. I'm kept busy with the kids and volunteer work.



LI SHU
Climbing Instructor

Q: When and how did you get into climbing?

A: I started climbing in 2000 when I saw a crowd of people watching climbers inside a mall in Beijing, China. I thought it was so cool and decided to just give it a shot. At the time, there were only one or two climbing gyms in Beijing and only a couple hundred climbers, so I knew almost all the climbers in China. Now there are 30 to 40 commercial gyms, plus those in the universities, so the sport has grown a lot.

Q: How did you become a climbing judge?

A: I moved back to Beijing in 2003 and worked for the National Federation (the Chinese Mountaineering Association). At that time, competition climbing started to boom in China, and the country's first climbing World Cup was held in Shenzhen. I got my international judge's certification from the IFSC in 2008 and became the chief instructor of the judges and organizers of many competitions. I also taught others how to judge international climbing competitions. During that time, I built many relationships with different national associations.

Q: What do you like about working at the Oval?

A: When I moved to Canada in 2018, everything was new to me, but I still stuck with climbing as my career. The Oval was actually my first job in Canada. I'm very thankful to the climbing staff for giving me the opportunity to do a lot of things here and meet people. The overall environment is very warm and comfortable, and it's fun working with people from other departments like marketing.



EPIC Award

2022 marked the first year of the Richmond EPIC Tourism Awards, which celebrates people, places, experiences and attractions that make Richmond a vibrant and welcoming community. Each award recipient must embody Tourism Richmond's values, including excellence, passion, integrity and collaboration. During the inaugural ceremony, the Richmond Olympic Experience received the Excellence Award for Innovation for its bold new design and new exhibits highlighting Canada's cultural and athletic achievements on the world stage.

Hoopfest

Each year, the BC Wheelchair Basketball Society hosts its annual Hoopfest fundraising event at the Richmond Olympic Oval. In celebration of the adaptive sport, Hoopfest invites corporations and community members to put together teams and enjoy an evening of a wheelchair basketball, dinner and raffle prizes. The event is a team-building opportunity that brings awareness to the sport and is attended by current and former National Team athletes and NextGen athletes. In 2022, the Richmond Olympic Oval put together a team and competed against teams representing Burnaby Fire Fighters, the Surrey Fire Fighters Charitable Society and YVR International Airport, among others, with an impressive second-place finish in the tournament.



02

BECOMING VALUED BY THE COMMUNITY AND EMPLOYEES

CNCL – 41
(Special)



Year of Events

Following the easing of restrictions, event hosting gained momentum throughout 2022. With nearly two years of rescheduled events adding to an already busy lineup of competitions, tournaments and championships, the Oval was well prepared to welcome the thrill of competition back to the facility. Forty-nine large-scale events took place at the Oval, and the facility was buzzing with excitement.

CANADA CUP JUNIOR FINAL

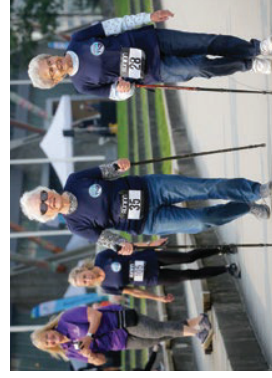
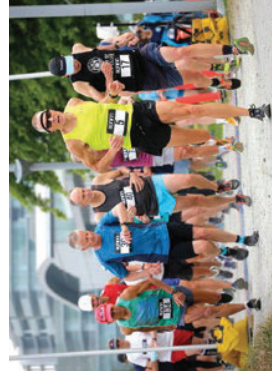
The Richmond Olympic Oval was not only the host venue but collaborated with Speed Skating Canada to organize and execute the Canada Cup Junior Final, which took place March 17 to 20. One hundred and twenty of Canada's highest-ranked junior skaters took to the Oval ice in hopes of accumulating points towards their end-of-season rankings, with the ultimate goal of being nominated to the national team's NextGen list. Oval staff and volunteers helped the event run seamlessly, coordinating ticket sales and logistics, implementing health and safety restrictions and executing live streaming of the three-day event on YouTube.



FOREVER YOUNG 8K

The 8th annual Forever Young 8K (FY8K) took place on the smoky but sunny morning of Sunday, September 11. The only running event in Metro Vancouver exclusive to those ages 55 and older, the FY8K celebrates the dedication of these active individuals to a lifelong commitment to health and wellness. Nearly 200 runners and walkers arrived at the Oval to compete in the race.

Deanna Clark of Vancouver was the fastest finisher overall in the women's category, with a time of 47 minutes and 37 seconds. Wes Aslin of Aldergrove finished first overall in the men's category, with a time of 31 minutes and 6 seconds. Eighty-eight-year-old Gwen McFarlan was the eldest competitor to complete the race, an inspiration to all those in attendance. Race proceeds went to the Dream On Foundation for Seniors, an organization that grants wishes to seniors who need assistance to help make their dreams come true.



2022 EVENTS

FEBRUARY

- FEBRUARY 11
Invesco Commercial Shoot
- FEBRUARY 19 - 21
Climbing Escalade Canada Speed and Lead Nationals
- FEBRUARY 19 - 21
Wheelchair Rugby Provincial Team Training
- FEBRUARY 26 - 27
Pinnacle Cheer - Mardi Parti

APRIL

- APRIL 2
Push4Impact
- APRIL 2 - 3
Sport Climbing BC Climbing Provincials
- APRIL 4 - 10
Wheelchair Rugby National Team Training
- APRIL 8
Aura Cup
- APRIL 8 - 10
Wheelchair Basketball Women's Nationals
- APRIL 10 - 13
Wheelchair Basketball Women's National Carding Camp
- APRIL 15 - 17
U17/U18 Volleyball Provincials
- APRIL 22 - 25
PUAC Tradeshow
- APRIL 29 - MAY 1
Delta Gymnastics Cash & Carry Cup

MARCH

- MARCH 1 - 3
CISV Basketball
- MARCH 2 - 6
Rhythmic Gymnastics BC Elite Events
- MARCH 7 - 8
Rehab Expo
- MARCH 10 - 13
Wheelchair Rugby Vancouver Invitational
- MARCH 11 - 13
BC Short Track Speed Skating
- MARCH 17 - 20
Canada Cup Junior Final Speed Skating



JUNE

- JUNE 2 - 5
Wheelchair Rugby Canada Cup
- JUNE 4 - 5
Karate BC Selection & Training Camp
- JUNE 24 - 27
BC Sports Rep Association (BCRSA) Tradeshow

JULY

- JULY 9
Cars & Hoops Charity Fundraiser

CNCL - 42 (Special)

OCTOBER

- OCTOBER 8
Korean Consul Taekwondo Championships
- OCTOBER 10 - 13
PGA Buying Show
- OCTOBER 15 - 16
Wheelchair Boccia Provincials
- OCTOBER 21
Paratough Challenge
- OCTOBER 28 - 31
Sample Guys Coat Sale

DECEMBER

- DECEMBER 3 - 4
Karate Canada Cup
- DECEMBER 3 - 4
Para Ice Hockey Series

AUGUST

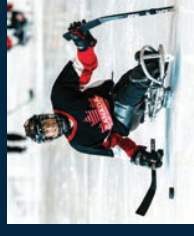
- AUGUST 6 - 7
Canadian Wheelchair Floorball Championships
- AUGUST 13
CN Sports Day
- AUGUST 15 - 21
TOMS Warehouse Sale

NOVEMBER

- NOVEMBER 18
Clear One Badminton Exhibition Game
- NOVEMBER 18 - 20
Wheelchair Rugby Provincial Team Selection Camp and League Tournament

SEPTEMBER

- SEPTEMBER 2 - 4
Beat the Heat Hockey Tournament
- SEPTEMBER 10
Hooplaw
- SEPTEMBER 11
Forever Young BK



- DECEMBER 10 - 11
Pinnacle Cheer - Pink
- DECEMBER 17 - 18
BC Speed Skating Cup
- DECEMBER 17 - 18
VFA Monster Futsal Tournament



Olympic Experience Reopening

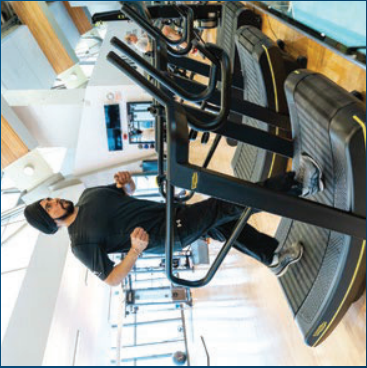
The Richmond Olympic Experience reopened to the public on June 3 and saw 15,000 visitors in seven months. Featuring refreshed exhibits and upgrades to the user experience, the museum now benefits from a 10-year partnership with the Hockey Hall of Fame, with artefacts and exhibits featured and frequently updated from the attraction in Toronto. In addition to new medal and torch galleries, the Olympic Experience features a new surf simulator, celebrating the sport as the latest addition to the Olympic program. The attraction features a number of new low-tech interactive challenges, inviting guests to feel the rush of competition with physical feats of strength and skill suitable for all ages. Sports lovers can try their hand at lifting a shot put, drawing an arrow of an Olympic-class recurve bow or challenging their stability on the balance beam.



In addition to the enhanced experience, the museum launched two new products: the 'Athletes Inspiring Excellence' corporate team-building tour and the Podium Pioneers Youth Summer Camp. Ever-popular with educators, the Olympic Experience hosted over 4,400 students on field trips from schools across Metro Vancouver, inspiring the next generation with the values of the Olympic Movement.

Fitness Centre Upgrades

Providing a first-class experience for members and guests is always a priority for the Richmond Olympic Oval team. The fitness centre received multiple upgrades and new pieces of equipment, including new Technogym Skillrun and Skillmill treadmills, octane ellipticals, replacement of existing selecterized equipment with Precor machines, and two additional pieces of equipment: the Endless Rope and SkiErg. These upgrades provide members and guests with increased options to train the core, upper and lower body and increase their strength, stamina and cardio.





Oval High Performance Climbing

The Oval's High Performance climbing program began in 2021 with two athletes training within the program. Just one year later, the program has grown to 40 climbing athletes, some of which are competing at the provincial and national levels.

Hosted at the Oval in March, national-level climbing athletes attended Climbing Escalade Canada's High Performance Selection Camp, designed to determine which team would go on to represent Canada at international boulder, lead and speed competitions. Five of the 20 selected athletes train regularly at the Oval through the Gymworks membership program: Alannah Yip, Becca Frangos, Eni Takashiba, Guy McNamee and Kindar McNamee.

The High Performance youth climbing program is developing the next generation of climbing athletes. For the first time, five athletes representing the Oval qualified to compete at the Youth Lead and Bouldering Nationals, held in La Prairie and Laval, Québec, respectively. This achievement showcases the progression of Oval climbing programs, as these five athletes have trained at the Oval and transitioned from community-level to High Performance programs.



Bouldering Wall Expansion

Instantly popular with climbers of all experience levels, the Oval opened its improved climbing wall in 2020. Featuring a larger bouldering area than in the previous facility, the addition of the speed and lead walls made it the perfect location for Climbing Escalade Canada's new training centre. To meet the requirements for national athlete training and to better develop climbing athlete skills, the bouldering wall received an addition to allow for increased boulder problems and a higher number of movements. The added section provides nearly one additional metre of height and 6 metres of length to the wall, now totaling 24 metres long.



BC Short Track Cup

From March 11 to 13, the Oval hosted the BC Short Track Cup. This provincial competition saw over 120 athletes from Child to Masters age categories compete for the Provincial title. The competition also serves as an opportunity to qualify for the Canada Winter Games 2023 Trials, as the top 5 Neo-Junior and Junior athletes would be selected to represent Team BC. At the tournament, Oval High Performance Athletes Nora Wagner, Gabrielle Oetomo, Roman Tien Vriai and Paul Astor qualified for the Canada Winter Games Team BC. In addition, High Performance Alumni Charlotte Semoski, Ryan Bolton and Barnett Liu successfully competed in the competition.

CNCL – (Special)



Volleyball Canada

Since 2017, the Richmond Olympic Oval has been the home of the Volleyball Canada Women's National Team Program. The Regional Excellence Program, National Excellence Program and Senior A and B Women's Teams practice on Oval courts and utilize the High Performance Training Centre for their strength and conditioning training. The Senior Women's National Team closed out its Volleyball Nations League (VNL) season in 12th place, earning a return trip to the world's top league for next season. The team competed at the FIVB Women's Volleyball World Championship, placing 10th overall. This was the Senior Women's Team best finish at a world championship in the history of the program. The Canadian Women are currently ranked 14th in the world.



GVC Successes

The U18 AAA Greater Vancouver Canadians (GVC) kicked off the 2022 season with an 18-2 record with 1 tie and 1 overtime loss, including an impressive 10-game winning streak. The team finished the year at the top of the U18 BC Elite Hockey League standings. With a longstanding partnership, the Richmond Olympic Oval High Performance Team provides the GVC U15, U17 and U18 teams with strength and conditioning support twice per week before technical training on ice. In addition, Oval High Performance strength and conditioning coaches conduct physical testing at the start and end of each season.



KEY PARTNERSHIPS



04

BECOMING THE
DESIRED LOCATION FOR
COMMUNITY SPORT,
HEALTH AND FITNESS

CNCL – 46
(Special)



Introducing The Fields

In 2022, improvements began to take shape on the grass lot located at the south side of the Oval, with plans to transform the unimproved space into a multiuse outdoor venue for sport, entertainment and tourism. Aptly named, The Fields at Richmond Olympic Oval will provide essential facilities to address the increased demand for sport programs, outdoor training options and event hosting. The Fields will feature approximately 4,200 square metres of vibrant blue turf. This new field space will be integral to the development of youth athletes. Additional features include hard-surface courts and a dedicated area for fitness programming. The new infrastructure will also be essential for attracting sport hosting opportunities.

With approval from the City of Richmond to improve the space, this project is financially supported by the Richmond Hotel Destination Association (RHDA) and the Province of British Columbia's Community Economic Recovery Infrastructure Program, among other funding partners.





CNCL + 47
(Special)

Skating to Successes

With the easing of restrictions, group Learn to Skate lessons were re-introduced in 2022 and met with the highest registration numbers of any year in Oval history. Demand and interest progressed throughout the year, peaking in the Fall season where offerings reached capacity. There were 2,279 group lessons in 2022, in addition to 5,989 private skating lessons. Youth hockey programs also proved popular in 2022, with 207 registrations, an increase of 117% over the previous year.

2,279
GROUP LESSONS

5,989
PRIVATE LESSONS



207
YOUTH HOCKEY
REGISTRATIONS

Summer Camps

Each year the Oval offers a variety of Summer Sport Camps designed to keep kids active and to help develop physical literacy over the summer break. Year over year, Summer Sport Camps grow in popularity, and 2022 was no exception. Over eight weeks, Community Sport Summer Camps received 2,540 registrations, a 7% increase over 2021. Thirty-six different camps took place across multiple locations, including Dover Park and the nearby Curling Club. New offerings included camps specific to skateboarding and kin-ball. And for the first time since 2019, the Oval re-introduced out-trip camps.

2,540
REGISTRATIONS



Table Tennis

One of the most popular activities included in Oval membership is table tennis. With more than 61,000 table tennis sessions attended by both members and guests throughout the year, a 63% increase over 2021 visitation, the Oval has solidified its reputation as the preferred location for recreational table tennis play in the community. During 2022, Oval staff organized a mixed doubles tournament for members to challenge each other in a friendly competition. The inaugural tournament was very popular and quickly sold out.

61,000
SESSIONS



2023 OUTLOOK

With 2022 providing a strong foundation as the impacts of the pandemic wane, 2023 looks to build upon the successes of Oval programs, event hosting and overall visitations. Over 50 events are on the calendar for 2023. The world's largest recreational hockey tournament, the CARHA Hockey World Cup, arrives in Richmond in March following three years of pandemic-related postponements. The event will bring over 100 teams from countries such as Finland, Switzerland, Sweden, Italy and Australia to compete at the Oval and Richmond Ice Centre.

The New Year will see the opening of The Fields to the public and support the continued growth of Oval Summer Sport Camps, event hosting, high performance training and community use. Boasting 4,200 square metres of turf, three hard-surface basketball courts, an outdoor fitness area and field-side training space, The Fields will accommodate a variety of training opportunities for community sports groups and provide recreational opportunities for Richmond residents.

Finally, with increased visitation comes a higher demand for parking infrastructure. An area of focus for the Oval in 2023 is to provide several improvements to how members, parents and athletes access the facility. Among many strategies to ease congestion is the creation of a drop-off lane on River Road. Additional measures to accommodate the increased demand for parking is to secure alternate parking at high volume times in nearby facilities. The Oval looks forward to unveiling its strategies in detail to improve the parking in the coming year.

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 2022, the Company has 12 Directors. The name and Province of residence of each Director, each Director's principal occupation, and the month each Director was appointed to the Board are indicated in the chart below. The term of office for full-term directors is one to two years.

Name & Province of Residence	Principal Occupation	Director Since	Re-elected	Term
Dennis Skulsky, British Columbia, Canada	President, Skulsky Consulting Group Ltd.	February 2011	June 2021	2 years
Moray Keith, British Columbia, Canada	President, Dieck Auto Group	June 2008	June 2021	2 years
George Duncan, British Columbia, Canada	Chief Executive Officer, Richmond Olympic Oval	June 2008	May 2022	2 years
Umendra Mital, British Columbia, Canada	Executive Vice President and General Manager, Ecco Industries Ltd. and Advanced Cyclotron Systems Inc.	June 2008	June 2021	2 years
Peter German, British Columbia, Canada	Principal, Peter German & Assocs. Inc.	June 2016	May 2022	2 years
Gail Terry, British Columbia, Canada	General Manager, Richmond Auto Mall Association	June 2016	May 2022	2 years
Lisa Cowell, British Columbia, Canada	Associate, Apostrophe PR Inc	June 2016	June 2021	2 years
Walter Soo, British Columbia, Canada	Retired	June 2016	May 2022	2 years
Gary Collinge, British Columbia, Canada	General Manager, Pan Pacific Vancouver	June 2016	May 2022	2 years
Chris Gear, British Columbia, Canada	Lawyer and Business Consultant	July 2018	June 2021	2 years
Christine Nesbitt, OLY British Columbia, Canada	Major Projects Planner, City of Vancouver IMA Planning Olympic Champion Vancouver 2010 Olympic Silver Medalist Torino 2006 OLY Canada Commission	July 2018	June 2021	2 years
Wayne Duztia, British Columbia, Canada	Associate VP Terracap Group of Companies	October 2019	June 2021	2 years

Executive Officers

As of December 2022, 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 Executive Officer, Richmond Olympic Oval
Rick Duisanj British Columbia, Canada	Chief Financial Officer	Director, Finance, Innovation & Technology, Richmond Olympic Oval

Council Liaison

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

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

Committees
(Special)





















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

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

APPENDIX B – AWARDS SINCE OPENING

Awarding Body	Award
Rick Hansen Foundation	2017 Circle of Excellence Award for Best Practices Towards Universal Access
Where Magazine	A Best New Attraction in Canada Award: the Olympic Experience at the Richmond Olympic Oval
International Olympic Committee, International Association for Sports and Leisure Facilities	IOC/IAKS All Time Award
International Olympic Committee, International Association for Sports and Leisure Facilities	IOC/IAKS Gold Medal
International Paralympic Committee, International Association for Sports and Leisure Facilities	IPC/IAKS Distinction Award
Canadian Interiors, Best in Canada Design Awards	Best of Canada Design Award
CEBC Awards for Engineering Excellence	Merit Award
Royal Architectural Institute of Canada	Award of Excellence for Innovation in Architecture
Vancouver Organizing Committee	Sustainability Star Award
Wood WORKSI Institution of Structural Engineers	Institutional Wood Design Sports of Leisure Structures Award
The ASHRAE Technology Awards Canadian Consulting Engineer Awards	Region XI Winner: New Public Assembly Building Technical Merit Award
National Council of Structural Engineers Association	Finalist Award of Exceptional Merit in Buildings over \$100 million
The Globe Foundation and the World Green Building Council VRCA Awards of Excellence	Excellence for Green Building Award 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 Inform Awards	North American Wood Design Award Honour Award, Interior Design
Concrete Reinforcing Steel Institute Society of American Registered Architects (SARA), New York Council	Award Winner, Cultural & Entertainment Facilities Citation
VANOC Sustainability Star Award	The 2009 Sustainability Star
2010 BUILDINGS Project Innovations Awards	Grand Prize Winner (New Construction Category)
2010 SARA Professional Design Awards Program	2010 Design Awards Competition (Philadelphia)
2010 International Property Award (Bloomberg, Inc.)	Public Services Development
2010 Athletic Business	Facility of Merit
2010 European Centre for Architecture Art Design and Urban Studies and The Chicago Athenaeum: Museum of Architecture	Green GOOD Design Awards
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 C – 2022 ATHLETE ACHIEVEMENTS

Short Track Speed Skating				
Oval High Performance Speed Skating	Gabrielle Oetomo	BC Short Track Cup / Canada Winter Games Trials	Athletes qualified	Dec 18-19
	Nora Wagner			
	Paul Astor			
	Roanan Tien-Vidal 			
	Charlotte Semoski	Canada Cup Junior Final	Athletes qualified	Mar 18-20
	Gabrielle Oetomo	- Richmond, BC		
	Ryan Bolton 			
	Roanan Tien-Vidal 			
	Michael Oetomo	Western Elite Circuit #1	Athletes competed	Oct 1-2
	Simon Mkulash	- Calgary, AB		
	Gabrielle Oetomo	Western Elite Circuit #1		
	Manuela Escobar-Ballen	- Calgary, AB		
	Nora Wagner	Western Elite Circuit #1	Podium finish in Division B - Paul Astor (1st), Quirin Tien (2nd)	Oct 1-2
	Paul Astor	- Calgary, AB		
	Quirin Tien 			
	Andy Liu 	Western Elite Circuit #1	1st place finish in Division C	Oct 1-2
	Roanan Tien-Vidal 	Neo Junior Short Track Open Cup - Calgary, AB	Athletes qualified	Nov 12-13
	Quirin Tien 			
	Andy Liu 			
	Kai Barnett			
	Gabrielle Oetomo			
	Nora Wagner			
	Manuela Escobar-Ballen			
Sport Climbing				
Oval High Performance Sport Climbing	Natalie Hsu 	CEC Bouldering and Difficulty Youth Nationals, 2022	Qualified for Team BC, and competed in the Youth National Championships in Montreal QC.	May 19-24
	Nathan Worden 			
	Elliot Li 			
	Jayden Milan 			
	Selena Worden 			
	Natalie Hsu 	Sport Climbing BC Local competition, "November Sessions"	Youth A 8th place Youth A 5th place Youth B 1st place Youth C 1st place Youth C 3rd place	Nov 5-6
	Nathan Worden 			
	Noah Schwartz			
	Bruce Kong 	Sport Climbing BC Oval Competition	Youth A F 10th Bouldering Youth A F 11th Bouldering Youth A M 10th Bouldering Youth B M 2nd Difficulty, 2nd Speed, 3rd Bouldering Youth B M 5th Difficulty, 1st Speed, 2nd Bouldering Youth B F 4th Difficulty, 10th Bouldering Youth C M 1st Bouldering, 1st Difficulty Youth D F 1st Difficulty, 6th Bouldering, 3rd Speed Youth B F 4th Speed, 5th Bouldering Youth D F 1st Speed, 5th Bouldering	
	Jayden Milan 			
	Nicholas Hsu 			
	Ivana Chen 			
	Francine King 			
	Alexa Lewis			

CNCL – 5 (Special)






Volleyball				
Volleyball Regional Excellence Program	Raimi Misalucha	Team BC 16/17U Boys Provincial Team		Jul
	Alex Borowski	Team BC 16/17U Boys Provincial Team		Jul
	Al Rathlef	Team BC 16/17U Girls Provincial Team		Jul
	Kara Chan 	Team BC 16/17U Girls Provincial Team		Jul
	Kara Chan 	Signed with the University of Toronto Women's Volleyball Team		Aug
	Alex Borowski	Volleyball BC Provincials	16U Boys Div 1, Tier 1 Gold Medal & Tournament MVP	Apr
	Vivian Vandergaag	Volleyball BC Provincials	15U Girls Div 1, Tier 1 Gold Medal	Apr
	Anna Vorontsova 	BC School Sports AAA Girls Volleyball Provincials	Gold Medal, Caitlin Kippan - 1st Team All-Star	Dec
	Caitlin Kippan 			
	Claire Thompson	South Fraser Volleyball Region	League All-Stars	Nov
	Jenna McKaig			
	Jessie Huang 			

Table Tennis				
National Women's Team	Ivy Liao	2022 World Championship in China, 2022 Pan Am Games Chile	Athlete competed	Oct and Nov





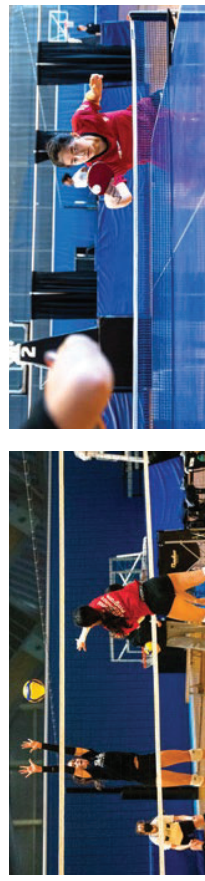
Basketball				
PEAK Program	Marina Radocaj 	2022 AAA BC Championship	McMeth Secondary School team with the 2 athletes listed won	Mar
	+ Aaria Jothal 			
	Marina Radocaj 	Biosteel All Canadian Basketball Game	Selected to participate	Mar
	Marah Dykstra + Marina Radocaj 	Camp invitations + Maccabi Games	Athletes competed	May
	Joseph Gabay			

Figure Skating				
Comaught	Wesley Chiu 	World Junior Figure Skating Championships	Competed representing Canada/USA	Jan
	Liam Kapakis			
	David Li 	Egna Spring Trophy 2022	Invited to compete in Italy for the listed competition	Apr



APPENDIX D – 2022 HP FACILITY AND SERVICE USER GROUPS

Community	
Air Attack Volleyball	
Asahi Baseball	
Aura Rhythmic Gymnastics	
Brazilian Soccer School	
Citius Table Tennis Club	
Connaught Figure Skating	
Delta Gymnastics Society	
DRIVE Basketball	
Element Volleyball Club	
Fusion Football Club	
Greater Vancouver Canadians	
Greater Vancouver Comets	
Ice Hockey Track and Field	
Indoor Contact Hockey League (NCHL)	
Northwest Vancouver Basketball League	
Richmond Arenas Community Association	
Richmond Rockets	
Second Basketball	
Steveston Judo Club	
Supra Soccer Academy	
Table Tennis North (Table Tennis Yukon/North West Territories)	
Thunder Rowing	
Thunder Volleyball Club	
Urban Rec	
Vancouver Female Ice Hockey Association	
Vancouver Football Club	
Vancouver Thunderbird Hockey Association	
Velocity Volleyball Club	
Provincial	
Badminton BC	
Basketball BC	
BC Athletics	

BC Hockey	
BC Rhythmic Gymnastics	
BC Speed Skating Association	
BC Table Tennis Association	
BC Wheelchair Basketball Society	
BC Wheelchair Sports Association	
Fencing BC	
Field Hockey BC	
Karate BC	
Rowing BC	
Ringette BC	
Softball BC	
Sport Ability BC	
Sport Climbing BC	
ViaSport	
Volleyball BC	
National	
Athletics Canada	
Basketball Canada	
Bobsleigh Skeleton Canada	
Canadian Women Para Ice Hockey	
Climbing Escalade Canada	
Fencing Canada	
Field Hockey Canada	
Gymnastics Canada	
Hockey Canada	
Skateboard Canada	
Softball Canada	
Table Tennis Canada	
USA Hockey	
Volleyball Canada	
Wheelchair Curling Canada	
Wheelchair Rugby Canada	

APPENDIX E – MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis provides an overview of the Corporation's business operations for the year ended December 31, 2022 relative to the year ended December 31, 2021.

This management's discussion and analysis should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2022 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.

Overview of Performance

REVENUE

2022 revenue from memberships, admissions and programs totalled \$3,045,000 (2021 - \$5,472,000). In 2022, revenue from these sources of \$1,061,000 was deferred to fiscal 2023 (2021 - \$1,059,000 was deferred to 2022).

The City applies for and receives funding from the 2010 Games Operating Trust ("GOT") as explained in note 5 to the financial statements. The City received \$4,212,000 during the year which was recognized as revenue earned in the year (2021 - \$3,928,000).

The Corporation received a contribution of \$3,754,000 from the City in 2022 (2021 - \$3,670,000).

Other revenue of \$1,557,000 was recognized in 2022 (2021 - \$1,136,000) and mainly consisted of parking, leasing, interest and capital funding revenue.

EXPENSES

During 2022, expenses were incurred for the following:

- Salaries and benefits of \$10,396,000 (2021 - \$8,802,000). There were approximately 69 full-time, and 253 part-time employees on the payroll as of December 31, 2022; (2021 - 71 full-time and 202 part-time employees);
- Other operating expenses incurred in 2022 totalled \$6,448,000 (2021 - \$5,290,000) and mainly included the following:
 - Facility operations of the Oval including the heat, light and power, and building maintenance;
 - Amortization costs of tangible capital assets;
 - Property and liability insurance;
 - Costs associated with running and marketing the Oval programs and rentals of facilities;
 - 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.;
 - Sport Hosting department related expenditures; and
 - Professional fees mainly related to legal and accounting fees.

The annual surplus for 2022 was \$727,000 (2021 - \$115,000). The total accumulated surplus as of December 31, 2022 is \$19,495,000 (2021 - \$18,768,000). Please refer to note 8 to the financial statement notes for the details of the accumulated surplus balance.

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

Summary of Financial Position

The following table presents summary information on the Corporation's financial position at December 31, 2022.

	2022	2021
Financial Assets	\$16,723	\$13,407
Liabilities	11,753	7,488
Net Financial assets	\$4,970	\$5,919
Non – Financial assets	\$14,525	\$12,849
Accumulated surplus	\$19,495	\$18,768

FINANCIAL ASSETS

The Corporation has a cash balance of \$1,744,000 at year end (2021 - \$1,359,000). The investments balance is \$1,207,000 (\$21 - \$11,577,000). The investments represent the Corporation's investments held in term deposits. The accounts receivable aggregating \$595,000 (2021 - \$332,000) resulted primarily from the sales of memberships, admissions, programs, and rentals. Inventories held for resale of \$160,000 (2021 - \$140,000) primarily consists of merchandise and products to be sold. The amount due from the City of \$17,000 (2021 - \$9,000 due to the City) arises in the normal course of operations.

LIABILITIES

Accounts payable and accrued liabilities of \$3,167,000 (2021 - \$1,848,000) primarily include payroll accruals, and trade payables for heat, light, power, building maintenance expenditures, legal and audit fees, and the Fields project. Deferred revenue of \$8,578,000 (2021 - \$5,624,000) includes unspent funding pertaining to the Sport-Hosting department, the Richmond Olympic Experience project, the Fields project, sponsorship fees, and the pro rata portion of fees received in 2022 for membership and programs to be delivered in 2023. A rental deposit of \$7,000 (2021 - \$7,000) is held as of the end of the year.

NON-FINANCIAL ASSETS

As at December 31, 2022, the Corporation had \$28,664,000 (2021 - \$24,771,000) 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, the Mezzanine infill project, and the Fields project. Amortization for the year was \$1,782,000 (2021 - \$1,739,000). Accumulated amortization of the capital assets amounted to \$14,336,000 (2021 - \$12,624,000) at year end.

Prepaid expenses of \$197,000 (2021 - \$702,000) includes 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 \$9,846,000 (2021 - \$8,100,000), other reserves/provisions is \$1,167,000 (2021 - \$1,559,000), accumulated operating surplus is \$610,000 (2021 - \$606,000), and the amount invested in tangible capital assets is \$7,872,000 (2021 - \$6,503,000) for a total accumulated surplus balance of \$19,495,000 (2021 - \$18,768,000).

Liquidity and Capital Resources

OPERATING

Cash provided by operations in the year amounted to \$6,980,000 (2021 - \$1,419,000).

CAPITAL ACTIVITIES

The Corporation purchased capital assets consisting primarily for sport and fitness including building improvements, information technology, facility equipment and infrastructure and assets relating to the Richmond Olympic Experience project and the Fields project totalling \$3,966,000 (2021 - \$2,201,000).

RELATED PARTY TRANSACTIONS

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

APPENDIX F – AUDITED FINANCIAL STATEMENTS

Financial Statements of
RICHMOND OLYMPIC OVAL CORPORATION
And Independent Auditor's Report thereon
Year ended December 31, 2022



KPMG LLP
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Canada
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Richmond Olympic Oval Corporation

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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



Richmond Olympic Oval Corporation
Page 2

Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in the 2022 annual report.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2022 annual report as at the date of this auditor's report.

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

We have nothing to report in this regard

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

RICHMOND OLYMPIC OVAL CORPORATION


Statement of Financial Position

December 31, 2022, with comparative information for 2021

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

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director
 Director

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Vancouver, Canada
April 20, 2023

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

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

	2022 Budget (Note 2(h))	2022	2021
Revenue:			
2010 Games Operating Trust Fund (note 5)	\$ 3,725,000	\$ 4,212,071	\$ 3,928,165
Contribution from City of Richmond (note 10(a))	3,754,292	3,754,292	3,669,885
Memberships, admissions and programs	5,864,079	8,048,501	5,472,453
Other (note 14)	1,174,859	1,558,569	1,135,930
	14,508,230	17,571,433	14,206,433
Expenses:			
Salaries and benefits	9,759,431	10,396,266	8,802,318
Utilities	1,002,318	954,149	919,381
Amortization	2,200,000	1,782,243	1,738,703
Supplies and equipment	858,517	863,286	663,344
Insurance	617,000	620,064	514,280
General and administration	764,253	827,767	516,603
Marketing	148,941	162,782	184,917
Program services	884,160	1,188,153	704,324
Professional fees	55,060	49,537	47,965
	16,289,680	16,844,247	14,091,835
Annual surplus (deficit)	(1,781,450)	727,186	114,598
Accumulated surplus, beginning of year	18,767,625	18,767,625	18,653,027
Accumulated surplus, end of year	\$ 16,986,175	\$ 19,494,811	\$ 18,767,625

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

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

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

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

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

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

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

1. Incorporation and nature of business:

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

2. Significant accounting policies:

(a) Basis of presentation:

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

(b) Revenue recognition:

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

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

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

(c) Financial instruments:

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

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

(d) Non-financial assets:

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

2. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(i) Tangible capital assets:

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

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

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

(ii) Impairment of tangible capital assets:

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

(e) Pension plan:

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

(f) Income taxes:

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

(g) Functional and object reporting:

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

2. Significant accounting policies (continued):

(h) Budget data:

The budget data presented in these financial statements is based upon the 2022 budget approved by the Board of Directors on December 3, 2021.

(i) Use of estimates:

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

(j) Government transfers:

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

3. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	2022	2021
July 14, 2022	July 14, 2023	\$ 3,987,088*	\$ -
July 19, 2022	July 19, 2023	3,619,492*	-
December 21, 2022	April 21, 2023	6,000,000	-
December 29, 2022	May 1, 2023	600,000	-
March 25, 2021	March 25, 2022	-	2,500,000*
May 25, 2021	May 25, 2022	-	2,570,383*
June 30, 2021	June 30, 2022	-	2,578,346*
July 14, 2021	July 14, 2022	-	3,928,165*
		\$14,206,580	\$ 11,576,894

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

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

4. Due from/to City of Richmond:

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

5. 2010 Games Operating Trust Fund:

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

Effective December 31, 2007:

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

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

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

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

6. Deferred revenue:

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

Deferred revenue comprises of:

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

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

7. Tangible capital assets:

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

7. Tangible capital assets (continued):

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

CNCL – 60 (Special)

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

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

There was no write-down of tangible capital assets during the year (2021 - nil).

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

8. Accumulated surplus:

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

9. Financial risk management:

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

(a) Credit risk:

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

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

(b) Market and interest rate risk:

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

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

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

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

9. Financial risk management (continued):

(c) Liquidity risk:

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

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

There have been no changes in risk disclosures since 2021.

10. Related party transactions:

(a) City of Richmond:

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

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

In 2022, nil (2021 - \$25,000) salaries and benefits expenses were charged to the City relating to the costs of the Corporation's staff time for services performed.

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

During 2022, the Corporation received a contribution from the City of \$3,754,292 (2021 - \$3,669,885) (note 15).

(b) Sport Hosting Function:

Effective July 1, 2011, the Sport Hosting function of the City was transferred to the Corporation. This function is fully funded by the hotel tax. In 2022, \$399,996 (2021 - \$325,000) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2022, \$817,964 (2021 - \$754,223) has been included in deferred revenue (note 6) and during 2022, \$336,255 (2021 - \$124,867) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

10. Related party transactions (continued):

(b) Sport Hosting Function (continued):

In previous years, the Corporation received hotel tax funding restricted for the purpose of purchasing tangible capital assets related to the Richmond Olympic Experience project. In order to retain the funding received in prior years, the Corporation must maintain and operate the tangible capital assets purchased with these funds over the life of the tangible capital assets. On an annual basis, the Corporation must provide a report to the City as to the use of the funds and the maintenance and operation of these tangible capital assets. As at year-end, \$3,638,995 (2021 - \$3,738,416) of the funds restricted for the purchase of tangible capital assets for the Richmond Olympic Experience remains in deferred revenue and the revenue will be recognized over the life of the underlying assets.

11. Pension plan:

The Corporation and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the Plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as of December 31, 2021, indicated a \$3,761,000,000 funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024, with results available in 2025.

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

The Corporation paid \$553,353 (2021 - \$524,491) for employer contributions to the Plan in fiscal 2022.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

12. Economic dependence:

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

13. Contractual rights:

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

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

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

14. Other revenue:

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

15. Government transfers:

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





CNCL – 64
(Special)

To: Mayor and Councillors (“the Shareholder”) **Date:** May 18, 2023
From: Jerry Chong, CPA, CA **File:** 01-0060-20-LIEC1/2023-
General Manager, Finance and Corporate Services Vol 01
Chair and Chief Financial Officer,
Lulu Island Energy Company
Re: **2023 Annual General Meeting Resolutions of the Lulu Island Energy Company**

Attached herein are the agenda items for the AGM of the Lulu Island Energy Company to be held on June 5, 2023 at a Special meeting of Council at the Richmond City Hall.

Attachment 1	Unanimous Resolutions of the Shareholder of LIEC
Attachment 2	Notice of Appointment of Auditor
Attachment 3	Consent Resolution of the Directors of LIEC – Appointment of Officers
Attachment 4	Consent Resolution of the Directors of LIEC – Financial Statements
Attachment 5	LIEC 2022 Annual Report



Jerry Chong, CPA, CA
General Manager, Finance and Corporate Services
Chair and Chief Financial Officer,
Lulu Island Energy Company

Atta:



6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

DATE: May 4, 2023

TO: Board of Directors

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

Re: **2023 Annual General Meeting Resolutions of the Lulu Island Energy Company**

Staff Recommendation

That:

1. the Board recommend to Council (the Shareholder) that they approve and adopt the unanimous consent resolutions (Attachment 1) of the staff report dated May 4, 2023 addressing the business that would otherwise be required to be transacted at an annual general meeting;
2. KPMG LLP be appointed as auditors of the Lulu Island Energy Company (LIEC) until LIEC's next annual reference date or until a successor is appointed, at a remuneration to be fixed by the Directors (Attachment 2);
3. the following persons be appointed to the offices set opposite their respective names to hold office at the pleasure of the Directors (Attachment 3):
 John David Irving – CEO
 Jerry Ming Chong – Chair and CFO
 Cecilia Maria Achiam – Vice Chair and Corporate Secretary
4. the financial statements of the Company for the period ending December 31, 2022, and the report of the auditors thereon, are hereby approved, and that any one director of the Company is hereby authorized to sign the financial statements to confirm that approval (Attachment 4);
5. the Lulu Island Energy Company 2022 Annual Report (Attachment 5) be approved and presented to the shareholder at the Special Council Meeting on June 5, 2023.

Origin

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

Furthermore, LIEC articles of incorporation requires that the Board appoint an auditor and officers of LIEC, and that LIEC holds an annual information meeting open to the public, at which LIEC will present the audited financial statements for the previous fiscal year approved by the Board on April 6, 2023.

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

Background

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

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

LIEC currently owns and operates the Alexandra District Energy (ADEU) Utilities, Oval Village District Energy (OVDEU), and executed a monumental agreement to develop the City Centre District Energy Utility over the next 30 years. LIEC has been expanding to meet this increased energy demand, while maintaining exceptional reliability, transparency in operations, industry-competitive customer rates and excellent customer service. The first two CCDEU buildings were connected this year and are now being serviced, marking a major achievement for district energy expansion in Richmond.

Analysis

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

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

The LIEC 2022 Annual Report is presented to the Board for their approval. In summary, LIEC financial statements show positive financial results and good financial health of the company. As a result of the company's innovative and ambitious initiatives with the focus on customer service excellence, three developments were connected, including the first two developments in the new CCDEU service area.

Overall, by the end of 2022, over 5.7 million square feet of residential, commercial, and institutional buildings were serviced by low carbon district energy in Richmond.

Financial Impact

None.

Conclusion

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



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

- Att. 1: Unanimous Resolutions of the Shareholder of LIEC
- Att. 2: Notice of Appointment of Auditor
- Att. 3: Consent Resolution of the Directors of LIEC – Appointment of Officers
- Att. 4: Consent Resolution of the Directors of LIEC – Financial Statements
- Att. 5: LIEC 2022 Annual Report

UNANIMOUS RESOLUTIONS OF THE SHAREHOLDER OF

LULU ISLAND ENERGY COMPANY LTD.
(the "Company")

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

Annual General Meeting

RESOLVED THAT:

1. the shareholder acknowledges that the financial statements of the Company for the period ended December 31, 2022, and the report of the auditors thereon, have been provided to the shareholder in accordance with the requirements of the British Columbia *Business Corporations Act*;
2. all lawful acts, contracts, proceedings, appointments and payments of money by the directors of the Company since the last annual reference date of the Company, and which have previously been disclosed to the shareholder, are hereby adopted, ratified and confirmed;
3. the number of directors of the Company is hereby fixed at 6;
4. the following persons, each of whom has consented in writing to act as a director, are hereby elected as directors of the Company, to hold office until the next annual general meeting of the Company or unanimous resolutions consented to in lieu of holding an annual general meeting, or until their successors are appointed:
Cecilia Maria Achiam
Jerry Ming Chong
John David Irving
Joseph Erceg
Kirk Taylor
Anthony Capuccinello Iraci
5. KPMG LLP be appointed as auditors of the Company until the next annual reference date of the Company or until a successor is appointed, at a remuneration to be fixed by the directors; and
6. June 5, 2023 is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of _____, 2023

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 _____, 2023.

LULU ISLAND ENERGY COMPANY LTD.

Per: _____

CONSENT RESOLUTION OF THE DIRECTORS OF**LULU ISLAND ENERGY COMPANY LTD.**

(the "Company")

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

Appointment of Officers

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

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

Execution by Counterparts

This resolution may be consented to by the directors signing separate counterparts of the resolution, which may be delivered by electronic means, and notwithstanding the respective dates of execution of the separate counterparts shall be deemed to be effective as at _____, 2023.

CECILIA MARIA ACHIAM

JERRY MING CHONG

JOHN DAVID IRVING

JOSEPH ERCEG

KIRK TAYLOR

ANTHONY CAPUCCINELLO IRACI

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

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

Approval of Financial Statements

RESOLVED THAT the financial statements of the Company for the period ended December 31, 2022, and the report of the auditors thereon, are hereby approved, and that any one director of the Company is hereby authorized to sign the financial statements to confirm that approval.

Execution by Counterparts

This resolution may be consented to by the directors signing separate counterparts of the resolution, which may be delivered by electronic means, and notwithstanding the respective dates of execution of the separate counterparts shall be deemed to be effective as at _____, 2023.

CECILIA MARIA ACHIAM

JERRY MING CHONG

JOHN DAVID IRVING

JOSEPH ERCEG

KIRK TAYLOR

ANTHONY CAPUCCINELLO IRACI



2022 | Annual Report

CNCL – 73
(Special)



The new Alexandra Park, completed in 2022, home to the award-winning Alexandra District Energy Permanent Energy Centre.

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Oval Village’s interim energy centre



■ MESSAGE FROM THE BOARD CHAIR

The Lulu Island Energy Company (LIEC) achieved a major milestone in the Fall of 2022 with the execution of a significant financing agreement with the Canada Infrastructure Bank for the expansion of the City Centre District Energy Utility (CCDEU). With the execution of the agreement, Richmond City Council subsequently adopted a significantly broader CCDEU service area. The agreement will allow LIEC to expedite the provision of district energy service in City Centre with its partner, Corix Utilities Inc. The agreement sets the foundation for the next 30 years of district energy infrastructure expansion in which the connected floor area to the system will grow to approximately 50M ft². Lingering economical impacts, caused by the pandemic, did not hinder district energy development as district energy utility service areas expanded in 2022. As expected, the LIEC team focused on supporting new connections to the district energy network and excellent customer service. All of these important events are summarized in this year's annual report.

2022's accomplishments have solidified LIEC as a national leader in the district energy space. I present the 2022 Annual Report to our shareholder, the City of Richmond, as a record of the company's financial performance and customer service excellence.

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

Jerry Chong
Chair, Lulu Island Energy Company

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In 2022, LIEC expanded existing service areas and concurrently finalized the major City Centre District Energy Utility (CCDEU) project agreement with its utility operating partner, Corix Utilities (Corix), and the Canada Infrastructure Bank (CIB). The 30-year agreement encompasses the expansion and operation of the CCDEU to ensure the delivery of clean, efficient energy to LIEC's customers. Heating, cooling and domestic hot water services were consistently maintained to customers throughout the year, despite weather events such as the November cold snap, which saw the third-coolest temperatures on record for that period.

LIEC continued to grow service areas by connecting new customers to the district energy network in 2022. The Oval Village District Energy Utility (OVDEU) continued expansion with the addition of two mixed-use developments, comprising over 570,000 ft² of serviced floor space, which will be connected to the future permanent sewer heat recovery energy centre. Completion of the permanent energy centre project is estimated for early 2028.

The CCDEU added the first development serviced by low carbon, on-site energy plants, totalling 550,000 ft² of serviced floor space. This milestone connection, coupled with the execution of the CCDEU project agreement, marks the beginning of CCDEU's development and the provision of clean, efficient energy to more Richmond community members.

I am pleased to report that LIEC continues to be Richmond's solution for delivering *"clean, efficient energy for now and the future."* This report provides a summary of the outcomes of the company's hard work with its partners and customers in 2022.



John Irving
CEO, Lulu Island Energy Company



■ LULU ISLAND ENERGY COMPANY: 2022 DISTRICT ENERGY UTILITIES



LIEC OPERATIONS

ALEXANDRA DISTRICT ENERGY UTILITY

Est. 2012

Customer Revenue
\$2,857,251

2.3M ft²
of serviced
floor area

PROJECT AGREEMENT OPERATIONS

OVAL VILLAGE DISTRICT ENERGY UTILITY

Est. 2015

Customer Revenue
\$3,068,672

3.5M ft²
of serviced
floor area

CITY CENTRE DISTRICT ENERGY UTILITY

Est. 2022

Customer Revenue
\$700,586

790,000 ft²
of serviced
floor area

ABOUT THE LULU ISLAND ENERGY COMPANY

LIEC is a wholly-owned municipal corporation incorporated in August 2013. LIEC was 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.

On December 31, 2022, LIEC had tangible capital assets of \$45,745,053, revenues of \$8,126,098, and expenses of \$6,745,478.

Lulu Island Energy Company provided heating, cooling and domestic hot water to 6.7M ft² of floor space in 2022.



Development commences in the city centre to aid in reducing GHG emissions.

■ SPOTLIGHT ON 2022: PROGRESS REPORT

LIEC achieved a major milestone in 2022 for approval of City Centre District Energy Utility expansion

Up to
\$175M
funding from CIB

Over **170**
New 
Residential and
Mixed-use commercial
development sites

Eliminate
over
1M
tonnes GHG
emissions by
full buildout

50 
million ft²
service area
by 2050

30
Year Deal

City Centre District Energy Utility Expansion Approved

The City Centre District Energy Utility (CCDEU) expansion was approved by City Council in 2022 after years of rigorous due diligence, planning and negotiations. Canada Infrastructure Bank (CIB), LIEC and City Centre Energy Limited Partnership (Corix), a wholly owned subsidiary of Corix Utilities Inc. entered into a tri-party agreement (Project Agreement) in which CIB will provide \$175 million in financing towards development and expansion of CCDEU. Under the agreement, Corix will design, build, finance, operate and maintain the infrastructure.

While development of the CCDEU system is underway, LIEC has continued implementing the interim servicing strategy to expand LIEC's customer base and enable immediate implementation of GHG emissions reduction for upcoming developments throughout the City Centre area. This servicing strategy has involved developments in the City Centre area to utilize onsite low-carbon energy plants so that LIEC can provide immediate heating, cooling, and domestic hot water heating service to these customers. The first two CCDEU developments under this strategy, The Paramount by Keltic and Fiorella by Polygon, were connected in 2022 and are now being serviced by onsite energy plants which utilize low carbon technology. These sites comprise approximately 790,000 ft² of floor space and 730 residential units.

Oval Village District Energy Utility (OVDEU) Merged into CCDEU Project Agreement

As part of the CCDEU expansion negotiations, the OVDEU's concession liability has been included into the CCDEU Project Agreement, such that further expansion of the OVDEU system will be designed, built, financed, operated and maintained under the CCDEU Project Agreement. OVDEU customers will not notice this administrative change.

For 2022, the OVDEU's three interim energy centres provided heating and domestic hot water energy services to 13 buildings in the Oval Village connecting approximately 3,000 units and just over 3.5M ft² of floor space. Two new developments were connected: Aspac's Hollybridge and Hummingbird developments, adding approximately 590,000 ft² of serviced floor area. The interim energy centres, complete with 15MW of heating capacity, provided a reliability of 99.5%. A permanent energy centre is scheduled to be completed by 2028 and will replace the interim energy centres currently servicing the OVDEU. The permanent energy centre will extract renewable thermal energy from the Gilbert Trunk sanitary force main sewer to provide clean energy to Richmond residents in the service area.

Alexandra District Energy Utility (ADEU)

LIEC's flagship geo-exchange system now provides energy services to 13 buildings (10 multi-unit residential buildings, the Jamatkhana Temple, the Central at Garden City development and Richmond's Fire Hall No. 3) connecting over 2,200 residential units, over 300,000 ft² of total floor area. As of December 31, 2022, the ADEU system delivered 58,578 MWh of energy to customers for space heating, cooling, domestic hot water heating. More than 85% of this energy delivered was low carbon energy from the local geo-exchange fields. The replacement of defective distribution piping along McKim Way and the implementation of a new emergency response plan to improve response times in case of a spill were successfully completed in 2022. The implementation of a new supervisory control and data acquisition (SCADA) system and a remote video monitoring system were also completed in 2022. This has allowed LIEC to improve its remote operation capabilities, lower operating costs and improving system reliability.

Historic Cold Snap: LIEC Meets High Heating Demand

In November, demand for heat was a top priority for Richmond residents as temperatures dipped as low as -2.7 C during a severe cold snap. ADEU and CCDEU provided uninterrupted service to customers during this weather event, despite the significant demand for heat. The CCDEU's first two connections, The Paramount and Fiorella, met 100% of the heating demand required during the frigid week. The CCDEU and ADEU provide resilient and reliable service to customers through unprecedented temperature fluctuations.

Barn Owl Box Update at the ADEU

Barn owls continue to nest in the ADEU boxes, making Alexandra Park their central hub for hunting. Motion sensor cameras captured a male owl dropping off voles and mice for a brooding female. These boxes provide a safe home for barn owls, as well as nearby access to community parks for hunting. LIEC is not only committed to providing clean energy to Richmond residents but also to taking measures to ensure community wildlife is protected in the process.



LIEC provides information about district energy inside the ADEU plant during the Alexandra Park Opening.

LOOKING FORWARD: 2023 WORK PLAN

Commencement of City Centre District Energy Utility

LIEC, Corix and CIB closed a major financing agreement in 2022 that will provide \$175 million towards CCDEU expansion and delivery of district energy operations in Richmond. In 2022 City Council adopted the CCDEU bylaw expansion which encapsulates Richmond's entire City Centre area. With the CCDEU Project Agreement executed and the CCDEU service area fully established, LIEC is commencing development of the CCDEU system which, by full buildout, is projected to serve approximately 170 development sites and 50M ft² of floor space. While the CCDEU system development is underway, LIEC will continue progressing the interim connection strategy which involves utilizing onsite low carbon energy plants to serve upcoming developments.

The One Park development, comprising over 450,000 ft² of floor space is anticipated to connect via this strategy in 2023, which will mark the third connected CCDEU development. LIEC staff continue to work closely with the developers to ensure infrastructure is designed and constructed to meet LIEC's high quality standards, and is ready to connect to future CCDEU infrastructure.

Building and Address	Use Type	Floor Area (ft ²)	Occupancy
One Park – 8119 Park Road	Mixed	453,850	2023
Richmond Centre (Ph 1) – 6551 No. 3 Road	Mixed	697,210	2024

Ongoing Development in the Oval Village Area

The Oval Village DEU will continue to expand in 2023 as two developments are planned for connection while three begin construction for future connection. While expansion of the OVDEU will be managed under the CCDEU Project Agreement going forward, customers will not be impacted by this change. LIEC continuously monitors development activity and is working diligently with City Centre Energy Limited Partnership (Corix), to ensure OVDEU customers receive quality service and build the necessary infrastructure to service new developments. LIEC is utilizing \$6.2 million in grant funding from CleanBC Communities fund, to develop a sewer heat recovery energy centre (SHR) project which will serve as the permanent energy centre OVDEU and now CCDEU customers. The project will reduce GHG emissions by 9,750 tCO₂e annually, increase service capabilities and be completed by 2028. The service area also expects two new connections in 2023, Riva 4 and One Park, which will add over 500,000 ft² of floor space to be serviced by the OVDEU. The Riva 5, Riva 6 and Park Residences developments will begin construction in 2023 while Interim Energy Centre 3's capacity will be upgraded to support these future connections. The OVDEU team continues to leverage expertise in design, construction and operation of district energy utilities to ensure the efficient delivery of 2023 expansion projects in the service area, and provide resilient and reliable energy services to our existing customers.

Building and Address	Use Type	Floor Area (ft ²)	Occupancy
Riva 4 – 7771 Alderbridge Way	Mixed	153,256	2023
Pathways Lot 7a – 5491 No 2 Road	Residential	59,632	2025

Alexandra District Energy Utility Expansion

Expansion and development in the West Cambie Neighbourhood continues. One new building is expected to connect to ADEU in 2023. This new development will increase the connected floor area by over 200,000 ft², bringing the total serviced area to 2.5M ft² with 14 connected buildings. Efficient planning allowed for the prior installation of distribution piping for this building, so the connection will be completed with no impact on the public roadways. The design for new distribution piping along Dubbert Street to service future developments, upgrades to the plant’s controls and fibre optic network infrastructure to increase the system’s resiliency and reliability, and planning for the addition of a third cooling tower to increase the cooling capacity of the system will also be in 2023.

Building and Address	Use Type	Floor Area (ft²)	Occupancy
Primstone Gardens – 4008 Stolberg Street	Residential	200,000	2023



The award-winning ADEU plant.

ALEXANDRA DISTRICT ENERGY UTILITY

ADEU has been operating since 2012 as a low carbon 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 2041 Official Community Plan by providing buildings with renewable low carbon energy through geo-exchange technology.

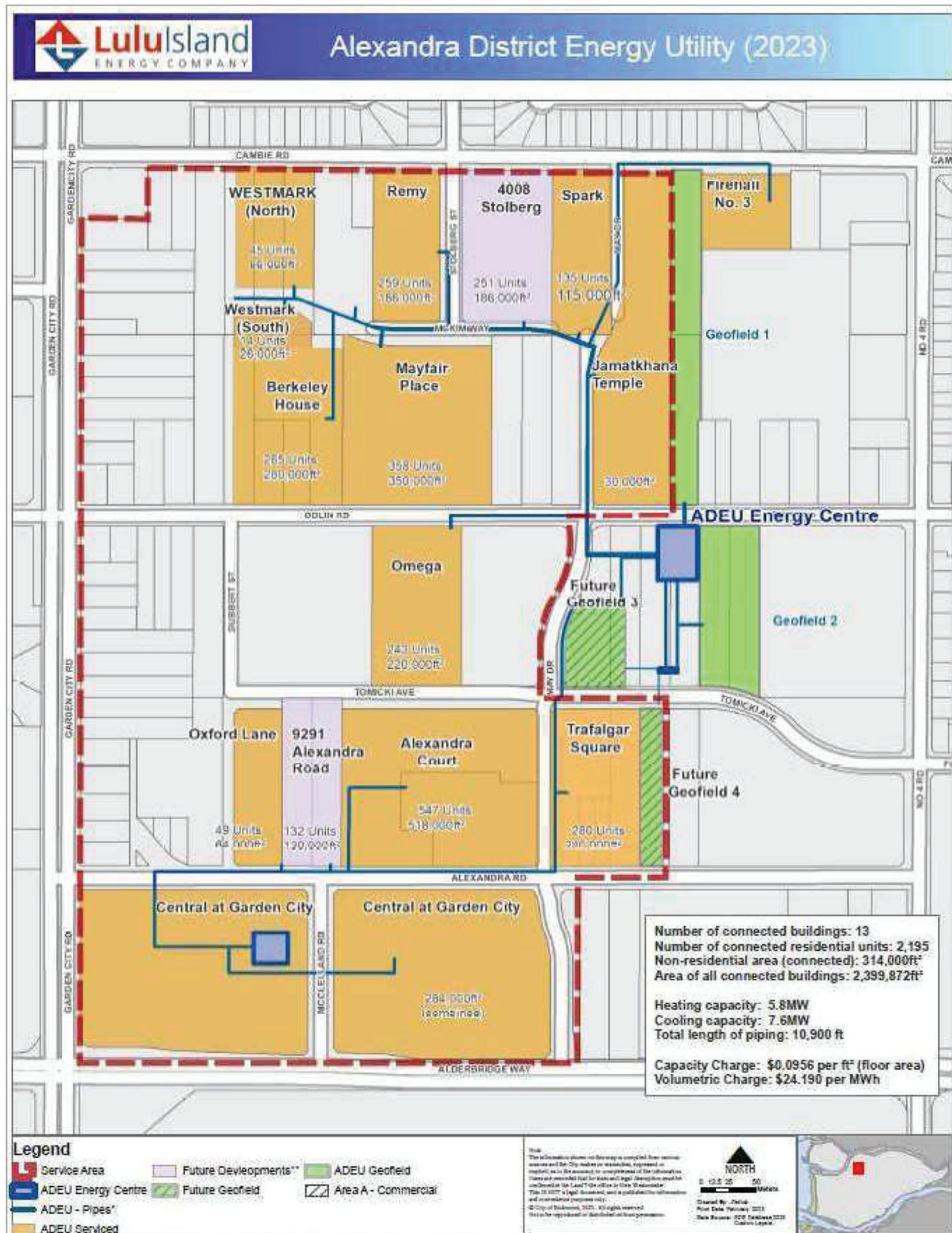
Infrastructure Overview

Energy Station	9600 Odlin Road, Richmond, BC V6X 1C9 Satellite Energy Plant (Area A) – 4751 McClelland Road, Upper Parkade, Richmond, BC V6X 0M5
Service	Residential: Space heating, cooling and domestic hot water Commercial: Space heating and cooling
Technology	Heating, cooling and domestic hot water are provided to connected residential buildings, and only heating and cooling for large 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 require maintenance. This system cools buildings as well. During the summer months, the energy flow is reversed and heat is extracted from buildings and pumped into the ground. In this way, energy that was extracted from the ground for heating buildings is “recharged” allowing heat to be available for the next cold season. The satellite energy plant located at the Central at Garden City (Smart Centres) commercial development utilizes efficient air-source heat pump technology to provide space heating and cooling for the large commercial customers within the development. This new energy plant is also interconnected with the current ADEU energy plant allowing for energy sharing with the main ADEU distribution system. Individual buildings connected to the ADEU require smaller sized boilers for increasing the temperature of domestic hot water and reducing the overall cost of maintenance to buildings. The performance of the system is monitored continuously, providing the highest level of reliability to customers.
Length of Distribution Network	3,660 m (12,000 ft.) of high-density polyethylene piping 726 vertical closed-loop boreholes, each 250 ft. deep



District energy piping inside the ADEU plant.

Alexandra District Energy Utility Service Area Map



Customers and Energy Rates

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

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

2022 Rate Structure

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

- Capacity Charge: Charged based on the gross floor area of the building (\$0.1002 per ft²)
- Volumetric Charge: Charge based on the energy consumed by the buildings (\$15.967 per MWh)

Buildings

Building Name	Use	Area (ft ²)
Remy – 4099 Stolberg Street	Residential	186,000
Mayfair Place – 9399 Odlin Road	Residential	351,000
Omega – 9333 Tomicki Avenue	Residential	222,000
Alexandra Court – 9399 Alexandra Road	Residential	518,000
Jamatkhana Temple – 4000 May Drive	Institutional	30,000
Oxford Lane – 4588 Dubbert Street	Residential	64,000
Trafalgar – 9500 Tomicki Avenue	Residential	262,000
Camden Walk – 9211 McKim Way	Residential	110,000
Spark – 4033 May Drive	Residential	115,600
Berkeley House – 9233 Odlin Road	Residential	282,500
Westmark – 9200 McKim Way	Residential	112,000

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



Rapid development continues in the OVDEU: Riva 2 located at 5311 Cedarbridge Way.

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

Customer Service

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

Energy and Greenhouse Gas Emissions (GHGs)

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

The amount of energy delivered by the end of 2022 was 58,578 MWh. Greenhouse gas performance by the end of 2022 was 10,089 tonnes of CO₂ avoided, equal to removing over 2,950 cars from City of Richmond roads for one year.

2022 Financial Summary

The total net book value of ADEU's capital asset at December 31, 2022 is \$22,990,301. Revenue from ADEU customers has been gradually increasing in pace with the occupancy of serviced buildings and new connected buildings. Revenue from operations for 2022 is \$2,857,251 (2021 – \$2,744,222). Revenue increased by \$113,029, mainly due to additional energy use during summer and additional service for three buildings that were not fully occupied in prior years (Trafalgar, Westmark and Berkeley House).

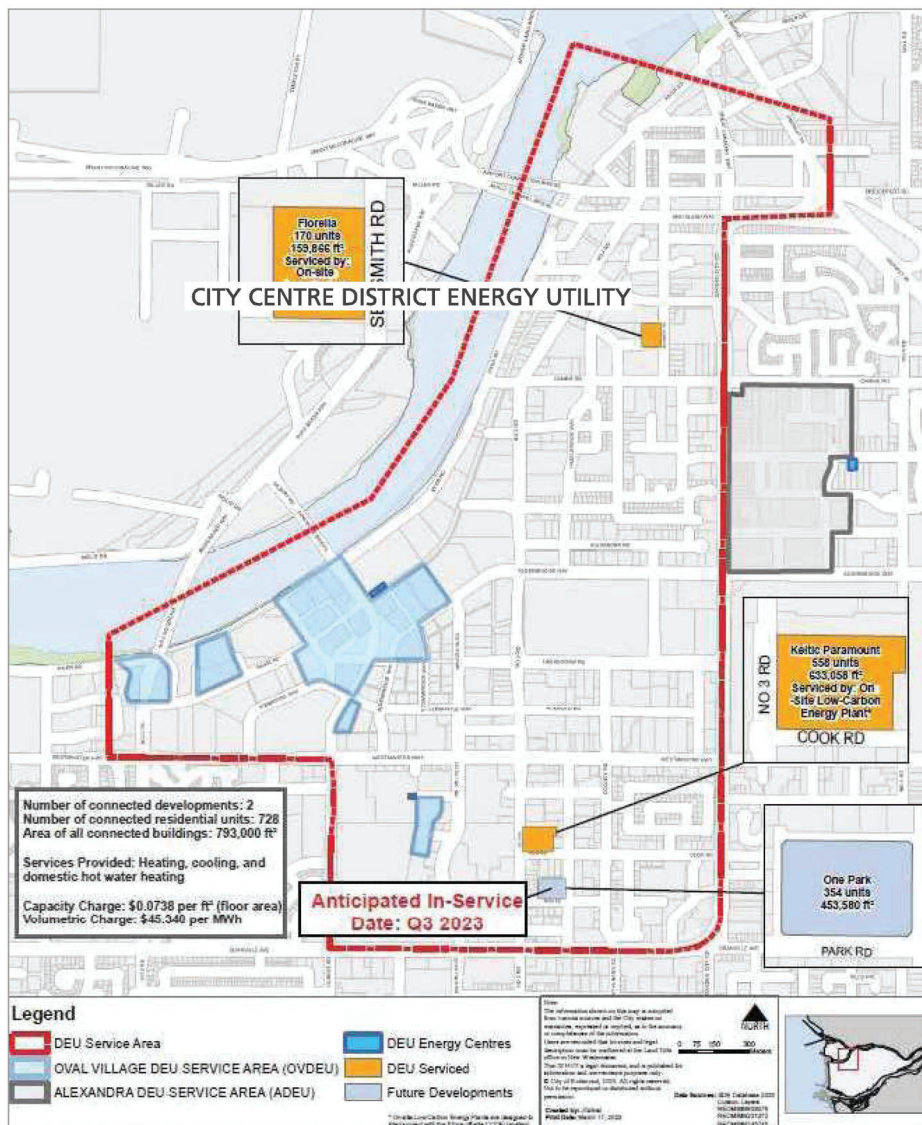
Corix Utilities Inc. remains engaged as the system operator under contract to perform functional verification ensuring continuous operation and fine tuning of the system. Total cost of sales (utilities, contract services, depreciation expenses) are \$1,557,977 (2021 – \$1,392,628). The increase of \$165,349 is mainly due to the additional operations and maintenance work as a result of more buildings being serviced and additional energy sales provided to customers.

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

CITY CENTRE DISTRICT ENERGY UTILITY

CCDEU Service Area

With the CCDEU Project Agreement executed and the CCDEU service area fully established, LIEC is commencing development of the CCDEU system which, by full buildout, is projected to serve approximately 170 development sites and 50M ft² of floor space. While the CCDEU system development is underway, LIEC will continue progressing the interim connection strategy which involves utilizing onsite low carbon energy plants to serve upcoming developments. The first two CCDEU developments under this strategy, The Paramount by Keltic and Fiorella by Polygon, were connected in 2022 and are now being serviced by onsite energy plants which utilize low carbon technology. These sites comprise approximately 790,000 ft² of floor space and 730 residential units. The One Park development, comprising over 450,000 ft² of floor space is anticipated to connect via this strategy in 2023, which will mark the third connected CCDEU development. LIEC staff continue to work closely with the developers to ensure infrastructure is designed and constructed to meet LIEC's high quality standards, and is ready to connect to future CCDEU infrastructure.



Today, over 3,000 residential units (13 buildings) are receiving energy from the OVDEU. At full build-out the OVDEU will service up to 5,500 residential units and 6.4M ft² of floor space. Space heating and domestic hot water heating energy is currently supplied from three interim energy centres (IECs). A permanent, sewer heat recovery energy centre, planned for 2028, is under development to replace the IECs and produce low carbon energy harnessed from the Gilbert Trunk sanitary force main sewer. Similar to the ADEU, the OVDEU will assist in meeting the community-wide greenhouse gas emission reduction targets adopted as part of Richmond's 2041 Official Community Plan (OCP) by providing buildings with renewable low carbon energy.



2022 Rate Structure

CCDEU Service Area

Strata corporations are billed on a quarterly basis, at a rate that is comprised of two charges:

- Capacity charge: Charge based on the gross square floor area of the building (\$0.0693 per ft²)
- Volumetric Charge: Charge based on the energy consumed by the building (\$42.573 per MWh)

OVDEU Service Area

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

- Capacity charge: Charge based on the gross square floor area of the building (\$0.0594 per ft²)
- Volumetric Charge: Charge based on the energy consumed by the building (\$36.575 per MWh)



The number of district energy serviced buildings in Richmond continue to grow. The Paramount located at 6340 No. 3 Road.

Infrastructure Overview

CCDEU

Energy Station	The Paramount Onsite Energy Plant – 6340 No. 3 Road, Richmond, BC Fiorella Onsite Energy Plant – 3699 Sexsmith Road, Richmond BC
Service	Space heating, cooling, and domestic hot water heating
Technology	Energy for space heating, cooling, and domestic hot water is currently provided through onsite energy plants which incorporate low carbon, air-source heat pump technology, with high-efficiency natural gas boilers providing backup and peaking service at times of high heating demand. These plants are designed to interconnect to the CCDEU system currently under development.

OVDEU

Energy Station	Interim Energy Centre #1 – 6111 Bowling Green Road, Richmond, BC Interim Energy Centre #2 – 7011 River Parkway, Richmond, BC Interim Energy Centre #3 – 7015 River Parkway, Richmond, BC
Service	Residential: Space heating and domestic hot water heating
Technology	Energy for space heating and domestic hot water is provided to connected buildings through a hydronic (water) energy delivery system. Energy generated at three interim energy centres provides 15MW of heating capacity to service these buildings. These interim energy centres currently use high efficiency natural gas boilers to produce energy. The performance of the system is monitored continuously, providing a high level of reliability to customers. The interim energy centres will be replaced by a permanent, sewer heat recovery energy centre that will extract heat from the Gilbert Trunk sanitary force main sewer; currently under development with expected completion by 2028.
Length of Distribution Network	1,800m (5,900 ft.) insulated steel piping

Connected Buildings

Building Name	Use	Area (ft ²)
CCDEU Service Area		
The Paramount	Residential/ Commercial/ Retail	633,057
Fiorella	Residential	159,866
OVDEU Service Area		
Carrera – 7368 Gollner Avenue	Residential	377,404
Riva Building 1 – 5399 Cedarbridge Way	Residential	155,942
Riva Building 2 – 5311 Cedarbridge Way	Residential	196,967
River Park Place 1 – 6888 River Road	Residential/ Commercial	191,662
Cadence – 7468 Lansdowne Road	Residential/ Commercial	276,826
Tempo – 7688 Alderbridge Way	Residential	214,266
Riva Building 3 – 7008 River Parkway	Residential	155,829
River Green – 6611 Pearson Way	Residential	323,111
River Park Place 2 – 6899 Pearson Way	Residential/ Commercial	373,171
River Green 2 – 6622 Pearson Way	Residential	385,854
Cascade City – 5766 & 5788 Gilbert Road	Residential/ Commercial	279,763
Hummingbird – 6899 Pearson Way	Commercial	8,148
Hollybridge – 6811, 6833 & 6855 Pearson Way	Residential/ Commercial	584,254

Customers and Energy Rates

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

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

CCDEU Customer Service

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

CCDEU Energy and Greenhouse Gas Emissions (GHGs)

The amount of Energy delivered by the end of 2022 was 108,969 MWh. The system has reduced greenhouse gas emissions annually by an estimated 3,715 tonnes of greenhouse gases (CO₂e), equal to removing 800 cars from City of Richmond roads for one year. At full build-out, the CCDEU system is anticipated to annually reduce GHG emissions by almost 9,000 tonnes of CO₂ as compared to business as usual.



Mechanical infrastructure located in the CCDEU's first connected building: The Paramount.

2022 CCDEU Financial Summary

In 2014, LIEC and Corix Utilities Inc. executed a Concession Agreement whereby LIEC would own the OVDEU infrastructure, and Corix would design, build, finance, operate and maintain OVDEU. In September 2022, the Concession Agreement has been terminated after LIEC entered into a new Project Agreement with City Centre Energy Limited Partnership (Corix), a wholly owned subsidiary of Corix Utilities Inc. to design, build, finance, operate and maintain CCDEU and OVDEU infrastructure providing heating and cooling services to new residential and mixed use commercial developments within the City Centre area. The existing OVDEU project has been transferred into the CCDEU project. Canada Infrastructure Bank will provide \$175 million in low cost financing to the project. LIEC would continue to own all CCDEU and OVDEU infrastructure.

The total net book value of CCDEU capital assets as at December 31, 2022 is \$22,754,750. Revenue from CCDEU customers has been increasing in pace with the occupancy of serviced buildings and new connected buildings. Revenue from operations for 2022 is \$3,769,258 (2021 – \$2,705,979). Revenue increased by \$1,063,279 compared to 2021. The increase was mainly due to additional heating days and additional energy use by new building connections as well as buildings that were not fully occupied in prior years (Aspac 12 and Cascade City).

The total estimated Project Agreement liability to finance the construction of the CCDEU project at full build out is estimated at \$383,000,000 and will be accrued over time as the infrastructure is constructed and services are rendered.



LIEC staff educating residents on the benefits of district energy use.

APPENDIX A: AWARDS & RECOGNITION

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

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

Canadian Wood Council	UBCM Community Recognition Award	2017	This award recognized the leadership in the use of wood, both architecturally and structurally, in the City's Alexandra District Energy Utility building constructed during the Phase 3 expansion. The building construction used local, innovative low carbon wood for structural elements as well as interior and exterior cladding.
International District Energy Association	System of the Year	2016	IDEA System of the Year is the highest honour IDEA can confer on a district energy system. It recognized the Alexandra District Energy Utility as an exemplary district energy system that provides high-level performance and service that further the goals of the district energy industry.
Union of British Columbia Municipalities	Community Excellence Award	2016	The Community Excellence Award recognized the City's district energy program for its exemplary leadership through policies, decision-making and actions that have made a difference for its residents.
Canadian Geo-Exchange Coalition	Excellence Award	2014	The Canadian Geo-exchange Coalition Excellence Award recognized the Alexandra District Energy Utility geothermal/geo-exchange system for its quality of installation and design.
Association of Professional Engineers and Geoscientists of British Columbia (APEGBC)	Sustainability Award	2014	APEGBC's Sustainability Award was created to recognize the important contribution that engineering and geoscience make to the well-being of human life and ecosystems on which we all depend, and was awarded in recognition of the Alexandra District Energy system.
Canadian Consulting Engineer Magazine & the Association of Consulting Engineering Companies – Canada	Award of Excellence (Natural Resources, Mining, Industry and Energy Category)	2013	This award is the most prestigious mark of recognition in Canadian engineering and was given to the Alexandra District Energy Utility project for its high quality of engineering, imagination and innovation.

Public Works Association of British Columbia	Project of the Year	2013	This award is given to a municipality that constructs a major and complex public works or utilities project that meets specific criteria including innovative design with project benefits for the community and environment. It was awarded to the City in recognition of the Alexandra District Energy system
International District Energy Association	Certificate of Recognition - Innovation Awards	2013	This program highlighted the Alexandra District Energy System as an example of engineering, technology and operational innovation within the district energy industry.
ENERGY GLOBE Foundation	Canadian Energy Globe National Award	2013	The national ENERGY GLOBE Award distinguished the Alexandra District Energy Utility as the best national project for its focus on energy efficiency, renewable energy and the conservation of resources.

APPENDIX B: LULU ISLAND ENERGY COMPANY MILESTONE TIMELINE

	ADEU	OVDEU	CCDEU
2008		■ City enters MOU with ASPAC	
2009	■ Pre-feasibility study	■ Pre-feasibility study	
2010	■ Partnership with Oris ■ Feasibility and concept design ■ ADEU Bylaw adopted	■ Request for Expression of Interest	■ District energy-ready buildings (West of No 3 Rd)
2011		■ City enters MOU with Corix Utilities ■ Feasibility Study	■ Pre-feasibility study
2012	■ Ph 1 – First geo-exchange field and north loop of the DPS complete	■ Metro Vancouver Gilbert Trunk Study Completed	■ District energy ready (All City Centre buildings at rezoning)
2013 <i>Lulu Island Energy Company Incorporated</i>	■ Ph 2 – Distribution piping added to service connections	■ Due Diligence completed ■ KPMG Business Case reviewed	
2014		■ OVDEU Bylaw Adopted ■ Concession Agreement between LIEC and Corix executed	
2015	■ Ph 3 – 2nd geo-field added, completion of south loop DPS	■ Construction of 2 IECs	
2016	■ Ph 4 – ASHP added to service 284,000 ft ² of retail space ■ Award: IDEA 2016 System of the Year (See all award: here)		
2017	■ LIEC classified as Government Business Enterprise		
2018			■ CCDEU Bylaw adopted
2019		■ Increase capacity to 15 MW (IEC 3)	■ Canada Infrastructure Bank signs MOU with LIEC
2020	■ Distribution piping extended for two additional geo-fields	■ \$6.2M in CleanBC Grant funding towards permanent SHR energy centre	
2021			
2022		■ First LCEP serviced building: Keltic, The Paramount in Q1 ■ CCDEU Partnership Agreement executed	

APPENDIX C: MANAGEMENT'S DISCUSSION AND ANALYSIS

About the Company

Richmond's 2041 Official Community Plan (OCP) establishes a target to reduce greenhouse gas (GHG) emissions 50 percent below 2007 levels by 2030 and 100 percent by 2050. The City identified district energy utilities (DEUs) as a leading strategy to achieve the City's GHG reduction goals and incorporated Lulu Island Energy Company Ltd. (LIEC) in 2013 for the purposes of carrying out the City's district energy initiatives on the basis of the following guiding principles:

1. The DEU will provide end users with energy costs that are competitive with conventional energy costs, based on the same level of service; and
2. Council will retain the authority of setting customer rates, fees and charges for DEU services.

The City established three DEU service areas: ADEU, OVDEU, and CCDEU. Table 1 below provides a summary of the developments connected to the DEU service areas to-date.

Table 1: DEU Service Areas – Current and Projected Connected Space

	Buildings To-Date	Residential Units To-Date	Floor Area To-Date	Build-Out
Alexandra District Energy Utility	13	2,200	2.4M ft ²	4.4M ft ²
Oval Village District Energy Utility	13	3,007	3.5M ft ²	
City Centre District Energy Utility	2	728	0.8M ft ²	54.4Mft ²
Total	28	5,935	6.7M ft ²	58.8M ft ²

The ADEU provides heating and cooling services to ten residential buildings, the large commercial development at "Central at Garden City", the Richmond Jamatkhana temple, and Fire Hall No. 3, comprising over 2,200 residential units and over 2.4M ft² of floor area. While some electricity is consumed for pumping and equipment operations, most of this energy is currently produced locally from the geo-exchange fields in the greenway corridor and West Cambie Park, and highly efficient air source heat pumps.

The OVDEU services 13 buildings, containing over 3,000 residential units. Energy is currently supplied from the three interim energy centres with natural gas boilers which provide 16 MW of heating capacity. LIEC received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for the area. Once completed, the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

In 2022, LIEC executed agreements (Project Agreement) with Corix Utilities Inc. (Corix) and the Canada Infrastructure Bank (CIB) to design, build, finance, operate, and maintain CCDEU infrastructure providing heating and cooling services to over 170 new residential and mixed-use commercial developments by 2050. The first two developments in the CCDEU service area comprising of over 790,000 square feet and over 720 residential units was connected in 2022. The CCDEU project is expected to reduce GHG emissions by one million tonnes by 2050.

LIEC owns and operates DEU infrastructure within the service areas. All capital and operating costs are recovered through revenues from user fees, ensuring that the business is financially sustainable. City Council is the regulator and thus sets customer rates as noted in the principles above.

Financial Summary

As a Government Business Enterprise (GBE), LIEC is a financially self-sustaining entity that does not rely on the assistance from the City and its financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

LIEC's overall financial position improved by \$7,164,592 in 2022 with total assets of \$63,501,473 (2021 – \$56,336,881). Total assets are comprised of current assets (cash, investments, and receivables) totaling \$17,756,420 (2021 – \$17,431,735) and non-current assets (plant and equipment) of \$45,745,053 (2021 – \$38,905,146). The current assets increased by \$324,685 mainly due to increased accounts receivable balance as a result of higher energy sales.

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

The shareholder's equity represents the net worth of the company. It is equal to the total assets minus the total liabilities and measures the company's financial health. In 2022, LIEC's shareholder equity was \$35,028,160 (2021 – \$33,647,540).

The revenue consists of district energy services and metered billings which reflect the full year energy sales based on the actual customers' energy usage and consumption. The revenue increased by \$1,176,308 to \$7,608,009 (2021 – \$6,431,201), mainly due to new building connections. The 2022 revenue is in line with the Company's projections.

The cost of sales includes contract services, utilities (electricity and natural gas) and amortization expenses. The total cost of sales increased by \$1,504,135 to \$4,628,014 (2021 – \$3,123,879) due to more energy sales to customers. In comparison with the 2022 operating budget, the contract expense is below the budget by 18% mainly due to less unscheduled repairs and maintenance. The utility expenses are over budget by 20%, mainly due to the larger than expected (15%) increase in natural gas rate, unbudgeted carbon tax amount of \$240k, and higher than projected natural gas consumption.

The general and administration expenses are expenditures that LIEC incurs to engage in business development activities and includes salaries and benefits, administration expenses, insurance, professional fees. The administration expense includes a fee of \$282,498 (2021 – \$129,412), paid by LIEC to the City of Richmond for the support provided by the City. The increase is a result of the additional support that the City staff have provided to LIEC during the CCDEU negotiations. The increase of salaries and benefits to \$886,834 (2021 – \$841,736) is mainly due to staffing and adjustments to existing salaries and fringe benefits based on the City's annual increase. The insurance premium is higher due to a general insurance rate increase and the additional capital assets being insured. The professional fees is higher due to professional fees in relation to the CCDEU expansion project, BCUC inquiry in the municipally owned energy utilities, and higher audit fee.

Overall, LIEC's revenues exceeded expenses resulting in net income of \$1,380,620 (2021 – \$911,040). The net income as a percentage of revenue is 18% (2021 – 14%). Compared to 2021, net income increased by \$469,580 due to increased sales from new building connections.

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

■ APPENDIX D: FINANCIAL STATEMENTS OF LULU ISLAND ENERGY COMPANY LTD.

Period of incorporation on January 1, 2022 to December 31, 2022



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Lulu Island Energy Company:

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of net income and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

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

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

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



Lulu Island Energy Company Ltd.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

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

Chartered Professional Accountants

Vancouver, Canada
April 11, 2023

LULU ISLAND ENERGY COMPANY LTD.

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,191,380	\$ 11,707,794
Accounts receivable (note 4)	2,240,807	1,676,423
Investments (note 5)	12,324,233	4,047,518
	<u>17,756,420</u>	<u>17,431,735</u>
Non-current assets:		
Plant and equipment (note 6)	45,745,053	38,905,146
	<u>\$ 63,501,473</u>	<u>\$ 56,336,881</u>
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,852,889	\$ 2,671,416
Current portion of deferred developer contributions (note 7(a))	471,964	337,732
Current portion of Project Agreement liability (note 8)	1,518,053	-
Current portion of Concession Agreement liability (note 8)	-	3,312,613
	<u>5,842,906</u>	<u>6,321,761</u>
Non-current liabilities:		
Government grants (note 7(b))	241,051	-
Deferred developer contributions (note 7(a))	12,545,851	7,415,806
Project Agreement liability (note 8)	9,843,505	-
Concession Agreement liability (note 8)	-	8,951,774
	<u>22,630,407</u>	<u>16,367,580</u>
Shareholder's equity:		
Share capital and contributed surplus (note 9)	27,397,115	27,397,115
Retained earnings	7,631,045	6,250,425
	<u>35,028,160</u>	<u>33,647,540</u>
Commitments and contingencies (note 12)		
	<u>\$ 63,501,473</u>	<u>\$ 56,336,881</u>

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:



Director



Director

LULU ISLAND ENERGY COMPANY LTD.

Statement of Net Income and Other Comprehensive Income

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

	2022	2021
Revenue (note 13)	\$ 7,608,009	\$ 6,431,201
Cost of sales:		
Operating expenses	3,087,915	1,788,480
Depreciation	1,540,099	1,335,399
	4,628,014	3,123,879
Gross profit	2,979,995	3,307,322
General and administrative expenses (note 10)	1,379,713	1,043,129
Income before undernoted items	1,600,282	2,264,193
Developer contributions, other income (expenses) and net finance cost:		
Developer contributions (note 7(a))	397,695	237,347
Other income (note 13)	120,394	49,521
Other expenses (note 6)	(426,141)	(1,084,975)
Net finance cost (note 11)	(311,610)	(555,046)
	(219,662)	(1,353,153)
Net income and other comprehensive income	\$ 1,380,620	\$ 911,040

The accompanying notes are an integral part of these financial statements.

LULU ISLAND ENERGY COMPANY LTD.

Statement of Changes in Equity

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

	Share capital (note 9)	Contributed surplus (note 9)	Retained earnings	Shareholder's equity
Balance, January 1, 2021	\$ 5	\$ 27,397,110	\$ 5,339,385	\$ 32,736,500
Net income and other comprehensive income	-	-	911,040	911,040
Balance, December 31, 2021	5	27,397,110	6,250,425	33,647,540
Net income and other comprehensive income	-	-	1,380,620	1,380,620
Balance, December 31, 2022	\$ 5	\$ 27,397,110	\$ 7,631,045	\$ 35,028,160

The accompanying notes are an integral part of these financial statements.

LULU ISLAND ENERGY COMPANY LTD.

Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Cash flows provided by (used in) operating activities:		
Net income and other comprehensive income	\$ 1,380,620	\$ 911,040
Adjustments for:		
Depreciation	1,540,099	1,335,399
Recognition of deferred contributions	(397,695)	(237,347)
Other income	-	(12,978)
Finance expense on Project Agreement liability	128,179	-
Finance expense on Concession Agreement liability	568,174	672,135
Write off of assets	81,179	-
Changes in non-cash operating working capital:		
Accounts receivable	(564,384)	1,358,087
Accounts payable and accrued liabilities	1,181,473	880,497
Net cash provided by operating activities	3,917,645	4,906,833
Cash flows provided by (used in) investing activities:		
Additions to plant and equipment	(1,305,119)	(1,460,215)
Deferred developer contributions	662,882	638,525
Cash receipts from sale of investments	4,047,518	4,014,336
Cash payments to acquire investments	(12,324,233)	(4,047,518)
Net cash used in investing activities	(8,918,952)	(854,872)
Cash flows provided by (used in) financing activities:		
Cash received from government grants	241,051	-
Project Agreement liability	(1,482,165)	-
Concession Agreement liability	(586,371)	(948,671)
Repayment of the non-capital portion of the Concession Agreement liability	(1,687,622)	-
Net cash used in financing activities	(3,515,107)	(948,671)
(Decrease) increase in cash and cash equivalents	(8,516,414)	3,103,290
Cash and cash equivalents, beginning of year	11,707,794	8,604,504
Cash and cash equivalents, end of year	\$ 3,191,380	\$ 11,707,794
Non-cash transactions:		
Additions to plant and equipment	\$ (7,156,066)	\$ (1,370,459)
Project Agreement liability	407,902	-
Concession Agreement liability	1,637,906	1,370,459
Developer contributions	4,999,090	-
Finance cost capitalized to plant and equipment	111,168	-

The accompanying notes are an integral part of these financial statements.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2022

1. Incorporation and nature of business:

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

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

2. Basis of presentation:

(a) Statement of compliance:

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

These financial statements were approved and authorized for issue by the Board of Directors on April 11, 2023.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

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

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Basis of presentation (continued):

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

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

Note 7 - recognition of deferred developer contributions.

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

Note 6 - accrued liabilities for distribution pipe leak; and

Note 3(a) - useful lives of plant and equipment.

3. Significant accounting policies:

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

(a) Plant and equipment

(i) Recognition and measurement:

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

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

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

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

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(a) Plant and equipment (continued):

(ii) Subsequent costs:

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

(iii) Depreciation:

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

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

Asset	Useful life - years
Energy plant center	75
Distribution piping	50
General equipment	25-30

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

(b) Revenue recognition:

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(c) Concession projects:

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

When deemed available for use, the project assets are amortized over their estimated useful lives. An obligation for the cost of capital and financing received to date, net of repayments, is recorded under Project Agreement liability (2021 – Concession Agreement liability) (note 8).

(d) Government grants:

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

(e) Developer contributions:

Developer contributions are amounts received from developers toward the cost of equipment and/or assets received from developers, required for the supply of district energy to the developer site. Developer contributions are recognized into income over the expected useful life of the related assets from when the assets are available for use. Non-cash developer contributions are initially recorded at fair value.

(f) Income taxes:

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

(g) Cash and cash equivalents:

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

(h) Finance income and finance cost:

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

Finance costs comprise interest expense on the Project Agreement liability/Concession Agreement liability (2021 – Concession Agreement liability). Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(i) Financial instruments:

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

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

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

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

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

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

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

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(i) Financial instruments (continued):

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

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

- Financial assets at FVTPL: these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost: these assets are subsequently measured at amortized costs using the effective interest method. The amortized cost is reduced by impairment losses (see note 3(i)(i)). Interest income and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- Debt investments at FVOCI: these assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognized in profit or loss. Other net gains are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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

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

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

Financial assets:

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Investments	Amortized cost

Financial liabilities:

Accounts payable and accrued liabilities	Amortized cost
Government grants	Amortized cost
Project Agreement liability	Amortized cost
Concession Agreement liability	Amortized cost

(ii) Measurement categories:

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2022 and 2021. Unless otherwise noted, the fair values on the instruments approximate their carrying amount due to their short-term nature and/or due to application of market rates of interest.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(i) Financial instruments (continued):

(ii) Measurement categories (continued):

	2022	2021
Financial assets:		
Financial assets at amortized cost:		
Cash and cash equivalents	\$ 3,191,380	\$ 11,707,794
Accounts receivable	2,240,807	1,676,423
Investments	12,324,233	4,047,518
	\$ 17,756,420	\$ 17,431,735
Financial liabilities:		
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$ 3,852,889	\$ 2,671,416
Project Agreement liability	11,361,558	-
Concession Agreement liability	-	12,264,387
	\$ 15,214,447	\$ 14,935,803

(j) Impairment:

(i) Financial assets:

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

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

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

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

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

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(j) Impairment (continued):

(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.

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.

(k) Pension benefits:

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

(l) Standards issued but not yet effective:

A number of new standards are effective for annual periods beginning after January 1, 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(l) Standards issued but not yet effective (continued):

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

- IFRS 17, Insurance contracts and its amendments are effective for annual periods beginning on or after January 1, 2023;
- Amendments to IAS 1, Presentation of financial statements: Classification of Liabilities as Current or Non-Current are effective for annual periods beginning on or after January 1, 2023;
- Amendments to IAS 1, Presentation of financial statements: Disclosure of accounting policies are effective for annual periods beginning on or after January 1, 2023; and
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates are effective for annual periods beginning on or after January 1, 2023.

4. Accounts receivable:

	2022	2021
Trade receivables	\$ 194,213	\$ 33,455
Due from City of Richmond	152,937	151,454
Unbilled trade receivables	1,874,018	1,491,514
GST receivable	19,639	-
	\$ 2,240,807	\$ 1,676,423

5. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	Interest rate	2022	2021
July 19, 2022	July 19, 2023	5.05%	\$ 4,123,378	\$ -
November 7, 2022	November 7, 2023	5.95%	3,193,869	-
December 21, 2022	December 21, 2023	5.10%	5,006,986	-
July 15, 2021	July 15, 2022	1.50%	-	2,033,628
October 28, 2021	October 28, 2022	1.50%	-	2,013,890
			\$ 12,324,233	\$ 4,047,518

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Plant and equipment:

	Energy plant center	General equipment	Distribution piping	Total
Cost:				
Balance as at December 31, 2020	\$ 5,031,915	\$ 24,685,820	\$ 12,217,654	\$ 41,935,389
Additions	-	1,955,387	925,313	2,880,700
Balance as at December 31, 2021	5,031,915	26,641,207	13,142,967	44,816,089
Additions	-	6,954,522	1,506,663	8,461,185
Disposals	-	-	(88,238)	(88,238)
Balance as at December 31, 2022	\$ 5,031,915	\$ 33,595,729	\$ 14,561,392	\$ 53,189,036
Accumulated depreciation:				
Balance as at December 31, 2020	\$ 268,368	\$ 3,637,984	\$ 669,192	\$ 4,575,544
Depreciation	67,092	1,045,148	223,159	1,335,399
Balance as at December 31, 2021	335,460	4,683,132	892,351	5,910,943
Depreciation	67,092	1,207,563	265,444	1,540,099
Disposals	-	-	(7,059)	(7,059)
Balance as at December 31, 2022	\$ 402,552	\$ 5,890,695	\$ 1,150,736	\$ 7,443,983
Net book value:				
At January 1, 2020	\$ 4,763,547	\$ 21,047,836	\$ 11,548,462	\$ 37,359,845
At December 31, 2021	4,696,455	21,958,075	12,250,616	38,905,146
At December 31, 2022	4,629,363	27,705,034	13,410,656	45,745,053

Included in plant and equipment is \$3,642,359 (2021 - \$1,951,975) of assets under construction being \$1,340,818 (2021 - \$1,070,537) general equipment and \$2,301,541 (2021 - \$881,438) distribution piping. For the year ended December 31, 2022, capitalized borrowing costs related to the construction of the general equipment and distribution system in the year amounted to \$111,168 (2021 - \$37,048).

In 2020, the Company identified a distribution pipe leakage of heat transfer fluid at one of the Company's service areas. During the year ended December 31, 2022, the Company continued to repair, remediate and monitor the service area and recognized expenses of \$344,962 (2021 - \$1,084,975) in other expenses. As of December 31, 2022, \$716,403 (2021 - \$596,585) is included in accounts payable and accrued liabilities pertaining to the accrued costs for the leak. Management believes the Company has adequately provided for the remediation costs and intends to seek compensation for such costs from the third parties involved.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Deferred developer contributions and Government grants:

(a) Deferred developer contributions:

The following table summarizes deferred developer contribution amounts recognized:

	2022	2021
Deferred developer contributions, beginning of year	\$ 7,753,538	\$ 7,352,360
Developer contributions received (net of refunds)	662,882	638,525
Developer contributions received (non-cash)	4,999,090	-
Recognized revenue from developer contributions	(397,695)	(237,347)
	13,017,815	7,753,538
Less: current portion of deferred developer contributions	471,964	337,732
Non-current deferred developer contributions	\$ 12,545,851	\$ 7,415,806

(b) Government grants:

In 2021, the Company was awarded a grant (the "Sewer Heat Recovery grant") from CleanBC Communities Fund. In 2022, the Company recognized \$241,051 (2021 - nil) under the grant. The relevant assets were under construction at December 31, 2022 and therefore the grant received is recognized in deferred income.

8. City Centre District Energy Utility Project Agreement:

On October 30, 2014, the Company and Corix Utilities Inc. ("Corix") entered into a 30-year concession project (the "Concession Agreement"), where Corix will design, construct, finance, operate and maintain the infrastructure for the district energy utility at the Oval Village community (the "OVDEU project"). On September 22, 2022, the Company terminated the Concession Agreement after the Company entered into a new concession project (the "Project Agreement") with City Centre Energy Limited Partnership ("Project Contractor"), a wholly owned subsidiary of Corix to design, build, finance, operate and maintain City Centre District Energy Utility infrastructure providing heating and cooling services to new residential and mixed use commercial developments within the City Centre area (the "CCDEU project"). The existing OVDEU project has been transferred into the CCDEU project, and the OVDEU plant and equipment, financing and operations are now executed by the Project Contractor under the Project Agreement. Part of the transfer of the existing OVDEU project into the CCDEU project was the termination of the existing Concession Agreement liability, including repayment of the non-capital portion of the Concession Agreement liability in the amount of \$1,687,622.

The total estimated Project Agreement liability to finance the construction of the CCDEU project at full build out is estimated at \$383,000,000 (2021 - OVDEU project \$41,414,000) and will be accrued over time as the infrastructure is constructed and services are rendered.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. City Centre District Energy Utility Project Agreement (continued):

The Project Agreement liability is payable monthly in accordance with the Project Agreement terms. Required Project Agreement liability payment obligations are disclosed in note 12.

The following tables summarize the changes in the Project Agreement liability and the Concession Agreement liability due to financing cash flows and liability related charges:

(a) Project Agreement liability:

	2022	2021
Opening balance September 22, 2022	\$ -	\$ -
Transfer balance from Concession Agreement liability	10,966,470	-
Additions	1,637,906	-
Finance expense (note 11)	239,347	-
Net repayment	(1,482,165)	-
Ending balance	\$ 11,361,558	\$ -

	2022	2021
Project Agreement liability	\$ 11,361,558	\$ -
Less: Current portion of Project Agreement liability	(1,518,053)	-
Non-current portion of Project Agreement liability	\$ 9,843,505	\$ -

(b) Concession Agreement liability:

	2022	2021
Opening balance Concession Agreement liability	\$ 12,264,387	\$ 11,133,416
Additions	407,902	1,370,459
Finance expense (note 11)	568,174	709,183
Repayment of the non-capital portion of the Concession Agreement liability	(1,687,622)	-
Net repayment	(586,371)	(948,671)
Transfer balance to Project Agreement liability	(10,966,470)	-
Ending balance Concession Agreement liability	\$ -	\$ 12,264,387

	2022	2021
Concession Agreement liability	\$ -	\$ 12,264,387
Less: Current portion of Concession Agreement liability	-	(3,312,613)
Non-current portion of Concession Agreement liability	\$ -	\$ 8,951,774

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. City Centre District Energy Utility Project Agreement (continued):

The finance cost on the OVDEU projects financed under the Concession Agreement up to September 22, 2022 is 6.12% (2021 – Concession Agreement 5.24%). The finance cost on the OVDEU projects transferred to the Project Agreement for the period from September 22, 2022 to December 31, 2022 is 6.23%. The finance cost on the new CCDEU project financed under the Project Agreement from September 22, 2022 to December 31, 2022 is 4.40%.

The Project Agreement liability is repayable as follows:

2023	\$	1,518,053
2024		1,548,414
2025		1,579,383
2026		1,610,970
2027 and thereafter		5,104,738
Total	\$	11,361,558

The Project Agreement liability and the termination payment obligation under the Project Agreement is secured by the CCDEU project infrastructure assets and energy services agreements with customers.

9. Share capital:

At December 31, 2022, the authorized share capital comprised 10,000 (2021 – 10,000) common shares without par value.

As at December 31, 2022, the Company has issued 450 common shares (2021 – 450) at \$0.01 per share totaling \$4.50 (2021 – \$4.50) and contributed surplus of \$27,397,110 (2021 – \$27,397,110).

10. Personnel expenses:

The following expenses are included in general and administrative expenses:

	2022	2021
Wages and salaries	\$ 886,834	\$ 834,736
Other payroll expenses	-	7,000
	\$ 886,834	\$ 841,736

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Net finance cost:

	2022	2021
Finance income:		
Investment interest	\$ 169,433	\$ 51,182
Bank interest	186,562	63,729
Other	28,748	2,178
	384,743	117,089
Finance cost:		
Finance expense on Project Agreement liability (note 8)	(239,347)	-
Finance expense on Concession Agreement liability (note 8)	(568,174)	(709,183)
Less: Finance cost capitalized to plant and equipment (note 6)	111,168	37,048
	(696,353)	(672,135)
Net finance cost	\$ (311,610)	\$ (555,046)

12. Commitments and contingencies:

(a) Project Agreement commitments:

Under the Project Agreement, the Company needs to make monthly payments to the Project Contractor based on the aggregate of the capital obligations, the operating costs, the asset management fee on contributed assets, Project Contractor income tax and commodity costs amounts calculated as of the end of the each contract year. The capital obligations are comprised of capital expenditures, financing costs and the Project Contractor's return on equity. The commodity costs include costs of fuel, electricity, water, waste water, chemicals, etc. which are consumed or produced in the performance of the infrastructure and the operating services. All these costs will be repaid over time by revenue generated through the customer rates. As construction progresses the asset values are recorded as plant and equipment and the corresponding liabilities are recorded as Project Agreement liability as disclosed in note 8.

As at December 31, 2022, under the Project Agreement, on an early termination for convenience by the Company, or termination on an event of default by the Company, the Company is obligated to pay \$748,661 to Project Contractor.

(b) Distribution pipe leakage:

An accrual has been maintained in accounts payable and accrued liabilities for the damages that resulted from a distribution pipe leakage at one of the Company's service areas (note 6). Management believes the Company has adequately provided for the remediation costs and intends to seek compensation for such costs from the third parties involved. It is not permissible at this time to accrue the estimated financial effect of any recovery of expenses from the other parties involved or the Company's insurer.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

13. Related party transactions:

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

(a) Due from City of Richmond:

During 2022, the Company received and recognized in revenues \$981,500 (2021 - \$981,000) for its services of advancing district energy opportunities in the City. Staff and advanced design activities on low carbon district energy initiatives are covered by this fee. With or without the Company, the City would need to fund these costs in order to successfully implement district energy initiatives for the City and position itself at the forefront of tackling local and global environmental challenges our world faces.

In addition, included in revenue for 2022 is \$30,830 (2021 - \$34,920) for district energy utility services rendered by the Company to the City.

The Company also received and recognized energy model review fees into other income of \$120,394 (2021 - \$36,543) relating to district energy permit fees collected by the City for in-building district energy related equipment reviews performed by the Company.

The total amount due from the City as at December 31, 2022 is \$152,937 (2021 - \$151,454) and is included within accounts receivable.

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

(b) Key management personnel:

A fee of \$282,498 (2021 - \$129,412), included in general and administrative expenses, was paid to the City for the day-to-day support that the Company received from City staff during the year. These costs have been charged to the Company on a cost recovery basis.

14. 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).

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

14. Fair values (continued):

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

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

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

(b) Non-current financial liabilities:

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

15. Financial risk management and financial instruments:

(a) Overview

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

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

(b) Risk management framework:

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

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial risk management and financial instruments (continued):

(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.

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

(ii) Due from the City:

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

(iii) Cash and investments:

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Financial risk management and financial instruments (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's terms of business require amounts to be paid from customers within 30-days of the date of invoice. The accounts payable and accrued liabilities and due from the City are in the normal course of operations and paid within the following fiscal year. The commitments under the Project Agreement liability are disclosed in note 12.

The information presented below shows the undiscounted contractual maturities of the Project Agreement liability (2021 – Concession Agreement liability), including estimated interest payments.

	Carrying amount	Contractual cash flow	Less than 1 year	1 - 2 years	2 - 5 years
December 31, 2022	\$ 11,361,558	\$ 12,437,215	\$ 2,882,097	\$ 4,301,253	\$ 5,253,865
December 31, 2021	12,264,387	13,821,248	3,397,805	1,952,570	8,470,873

(e) Market risk:

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

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

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

The Company has mitigated the interest rate fluctuation risk associated with the Project Agreement liability (note 8) by securing the debt funding for the project at fixed interest rates until 2032.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2022

16. 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 Project Agreement 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.

17. 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, 2022 and 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate 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 actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be at December 31, 2024, with results available in 2025.

The Company paid \$72,275 (2021 - \$86,323) for employer contributions to the Plan in 2022.

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

Lulu Island Energy Company

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Cover photo: City Centre connected
building: The Paramount at Keltic Place