



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 3, 2024
Time: 4:00 p.m.
Place: **Anderson Room**
Richmond City Hall
6911 No. 3 Road

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

The purpose of the meeting is to consider the following:

CALL TO ORDER

RECESS FOR OPEN GENERAL PURPOSES AND FINANCE COMMITTEES.

RECONVENE FOLLOWING OPEN GENERAL PURPOSES AND FINANCE COMMITTEES.

RICHMOND OLYMPIC OVAL CORPORATION

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

CNCL – 1
(Special)

**Special Council Agenda
Monday, June 3, 2024**

CNCL-5

See Page CNCL-5 for full report

BE IT RESOLVED THAT:

(1) *the Shareholder acknowledges and confirms the previous receipt of financial statements of the Company for the period from January 1, 2023 to December 31, 2023, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 24, 2024 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 6, 2024;*

(2) *In accordance with the Company's Articles, the following persons, who have consented to be directors of the Company, 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 2026:*

<u>Name</u>	<u>Term</u>
i.	2026
ii.	2026
iii.	2026
iv.	2026
v.	2026

(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 2023 Annual Report of the Company is hereby received; and*

(5) *June 3, 2024 be and is hereby selected as the annual reference date for the Company for its current annual reference period.*



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)

**Special Council Agenda
Monday, June 3, 2024**

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, 2023, 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 7;*
- (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. Jerry Ming Chong*
 - ii. John David Irving*
 - iii. Kirk Taylor*
 - iv. Anthony Capuccinello Iraci*
 - v. Wayne Craig*
 - vi. Peter Russell*
 - vii. Venus Ngan*
- (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 3 2024 is hereby selected as the annual reference date for the Company for its current annual reference period.*



Special Council Agenda
Monday, June 3, 2024

ADJOURNMENT



Claudia Jesson
Corporate Officer



Memorandum

To: Mayor and Councillors (“the Shareholder”) **Date:** May 13, 2024

From: Gary Collinge
Chair of the Board of Directors
Richmond Olympic Oval Corporation

Re: **Notice to the Shareholder of the 2024 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 3, 2024 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	2023 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	2023 Annual Report

A handwritten signature in black ink, appearing to read "Gary Collinge".

Gary Collinge
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 3, 2024 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, 2023 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 2024 fiscal year and to authorize the Board to fix the auditors’ remuneration;
4. to acknowledge and confirm receipt of the Corporation’s 2023 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 3, 2024 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, 2023 to December 31, 2023 and the report of the auditors thereon are attached to this Notice of Annual General Meeting.

Dated this 13th day of May, 2024

On behalf of the Board of Directors



Gary Collinge
Board Chair

Financial Statements of

**RICHMOND OLYMPIC OVAL
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

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Telephone 604 691 3000
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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, 2023
- 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, 2023, 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 2023 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 2023 annual report as at the date of this auditor's report.

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



We also:

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

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

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

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 24, 2024

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022


	2023	2022
Financial Assets		
Cash	\$ 1,122,442	\$ 1,743,783
Investments (note 4)	14,850,000	14,206,580
Accounts and other receivable	1,009,382	595,183
Due from City of Richmond (note 5)	118,603	16,968
Inventories held for resale	185,275	160,232
	<u>17,285,702</u>	<u>16,722,746</u>
Liabilities		
Accounts payable and accrued liabilities	1,430,334	2,266,613
Post-employment benefits (note 7)	1,185,300	900,458
Deferred revenue (note 8)	8,132,049	8,578,270
Rental deposits	11,781	7,373
	<u>10,759,464</u>	<u>11,752,714</u>
Net financial assets	6,526,238	4,970,032
Non-Financial Assets		
Tangible capital assets (note 9)	14,582,577	14,327,807
Prepaid expenses and other deposits	362,771	196,972
	<u>14,945,348</u>	<u>14,524,779</u>
Economic dependence (note 14)		
Accumulated surplus (note 10)	<u>\$ 21,471,586</u>	<u>\$ 19,494,811</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (Note 2(h))	2023	2022
Revenue:			
2010 Games Operating Trust Fund (note 6)	\$ 3,725,000	\$ 4,136,315	\$ 4,212,071
Contribution from City of Richmond (note 12(a))	3,903,713	3,903,713	3,754,292
Memberships, admissions and programs	8,379,797	10,150,651	8,048,501
Other revenue (note 16)	2,405,931	2,986,657	1,556,569
	<u>18,414,441</u>	<u>21,177,336</u>	<u>17,571,433</u>
Expenses:			
Salaries and benefits	11,128,078	12,045,966	10,396,266
Utilities	1,002,316	1,045,226	954,149
Amortization	2,500,000	1,728,852	1,782,243
Supplies and equipment	1,030,579	1,001,330	863,286
Insurance	740,400	697,986	620,064
General and administration	883,347	808,350	827,767
Marketing	156,388	156,995	162,782
Program services	1,142,599	1,572,920	1,188,153
Professional fees	57,560	142,936	49,537
	<u>18,641,267</u>	<u>19,200,561</u>	<u>16,844,247</u>
Annual surplus (deficit)	(226,826)	1,976,775	727,186
Accumulated surplus, beginning of year	19,494,811	19,494,811	18,767,625
Accumulated surplus, end of year	<u>\$ 19,267,985</u>	<u>\$ 21,471,586</u>	<u>\$ 19,494,811</u>

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (Note 2(h))	2023	2022
Annual surplus (deficit), for the year	\$ (226,826)	\$ 1,976,775	\$ 727,186
Acquisition of tangible capital assets	(2,205,000)	(1,983,622)	(3,966,248)
Loss on sale of tangible capital assets	-	-	1,609
Proceeds on sale of tangible capital assets	-	-	809
Amortization of tangible capital assets	2,500,000	1,728,852	1,782,243
	295,000	(254,770)	(2,181,587)
Acquisition of prepaid expenses and other deposits	-	(1,174,182)	(415,822)
Use of prepaid expenses and other deposits	-	1,008,383	921,150
Change in net financial assets	68,174	1,556,206	(949,073)
Net financial assets, beginning of year	4,970,032	4,970,032	5,919,105
Net financial assets, end of year	\$ 5,038,206	\$ 6,526,238	\$ 4,970,032

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,976,775	\$ 727,186
Items not involving cash:		
Amortization of tangible capital assets	1,728,852	1,782,243
Loss on sale of tangible capital assets	-	1,609
Changes in non-cash operating items		
Accounts receivable	(414,199)	(263,271)
Due from the City of Richmond	(101,635)	(25,483)
Inventories held for resale	(25,043)	(20,666)
Prepaid expenses and other deposits	(165,799)	505,328
Accounts payable and accrued liabilities	(836,279)	1,054,523
Post-employment benefits	284,842	264,898
Deferred revenue	(446,221)	2,953,905
Rental deposits	4,408	-
	2,005,701	6,980,272
Capital activities:		
Acquisition of tangible capital assets	(1,983,622)	(3,966,248)
Proceeds on sale of tangible capital assets	-	809
	(1,983,622)	(3,965,439)
Investing activities:		
Net purchase of investments	(643,420)	(2,629,686)
Increase (decrease) in cash	(621,341)	385,147
Cash, beginning of year	1,743,783	1,358,636
Cash, end of year	\$ 1,122,442	\$ 1,743,783

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

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 6) 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 include cash, investments, accounts receivable, and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition. Equity instruments and derivatives that are quoted in an active market are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the instruments at fair value. The Oval has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized on the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Oval does not have a Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments recorded at cost and are expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

Accounts receivables, investments, and accounts payable and accrued liabilities, are measured at amortized cost using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

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

Work in progress 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.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

2. Significant accounting policies (continued):

(f) Income taxes:

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

(g) Functional and object reporting:

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

(h) Budget data:

The budget data presented in these financial statements is based upon the 2023 budget approved by the Board of Directors on January 17, 2023.

(i) Measurement uncertainty:

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.

(k) Post-employment benefits:

Post-employment benefits accrue to the Corporation's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

3. Adoption of new accounting standards:

(a) PS 3280 *Asset Retirement Obligations*:

On January 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and,
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability. As at December 31, 2023, the Corporation determined that there are no asset retirement obligations associated with its tangible capital assets and hence, the adoption of this standard did not have any impact on the amounts presented in these financial statements.

(b) PS 3450 *Financial Instruments and related standards*:

On January 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3450 *Financial Instruments*, PS 2601 *Foreign Currency Translation*, PS 1201 *Financial Statement Presentation* and PS 3041 *Portfolio Investments*. Under PS 3450 *Financial Instruments*, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices (see note 2(c)).

The adoption of these standards did not have any impact on the amounts presented in these financial statements.

4. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	2023	2022
April 24, 2023	April 24, 2024	\$ 5,000,000	\$ -
June 27, 2023	June 27, 2024	600,000	-
July 21, 2023	January 22, 2024	2,500,000	-
July 21, 2023	July 22, 2024	5,000,000	-
December 7, 2023	April 8, 2024	1,750,000	-
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
		\$ 14,850,000	\$ 14,206,580

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

4. Investments (continued):

The interest rate of the term deposits ranges from 5.66% to 6.30% (2022 - 5.05% to 5.22%).

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

5. Due from City of Richmond:

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

6. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for the Games, the Government of Canada and the Province of British Columbia agreed to establish the Legacy Endowment Fund (the "Fund") and to each contribute \$55 million. On March 31, 2004, under the terms of the 2010 Games Operating Trust Agreement ("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:

	2023	2022
2022 annual distributable amount approve and received in 2023	\$ 4,136,315	\$ -
2021 annual distributable amount approve and received in 2022	-	4,212,071
	\$ 4,136,315	\$ 4,212,071

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

7. Post-employment benefits:

The Corporation provides certain post-employment benefits, non-vested sick leave, compensated absences, and termination benefits to its employees.

	2023
Accrued benefit obligation, beginning of year	\$ 900,458
Opening adjustment due to actuarial valuation, January 1, 2023	206,542
Current service cost	84,300
Interest cost	47,700
Benefits paid	(53,700)
Accrued benefit obligation, end of year	\$ 1,185,300

An actuarial valuation for these benefits was performed to determine the Corporation's accrued benefit obligation as at December 31, 2023. This actuarial gain is being amortized over a period equal to the employees' expected average remaining service lifetime of 11-years.

	2023
Accrued benefit obligation, end of year	\$ 1,185,300
Unamortized net actuarial gain	-
Accrued benefit liability, end of year	\$ 1,185,300

Actuarial assumptions used to determine the Corporation's accrued benefit obligation are as follows:

	2023
Discount rate	4.10%
Expected future inflation rate	2.50%
Expected wage and salary range increases	2.50% to 3.00%

8. Deferred revenue:

	2023	2022
Balance, beginning of year	\$ 8,578,270	\$ 5,624,365
Add: amounts received	12,691,087	12,558,975
Less: revenue recognized	(13,137,308)	(9,605,070)
Balance, end of year	\$ 8,132,049	\$ 8,578,270

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

8. Deferred revenue (continued):

Deferred revenue comprises of:

	2023	2022
Memberships and programs	\$ 1,322,166	\$ 1,061,065
Sponsorship fees	28,226	28,226
Sport Hosting funding (note 12(b))	664,897	817,964
Richmond Olympic Experience (note 12(b))	3,526,038	3,638,995
The Fields (a)	2,590,722	3,032,020
	\$ 8,132,049	\$ 8,578,270

(a) The Fields is a year-round outdoor activity space for sports programs and events. As at December 31, 2023, \$2,590,722 of the funds restricted for The Fields remain in deferred revenue and the revenue will be recognized based on the terms specified by the related agreements.

9. Tangible capital assets:

Cost	Balance			Balance December 31, 2023
	December 31, 2022	Additions	Disposals	
Athletic equipment	\$ 4,383,290	\$ 1,092,879	\$ (17,213)	\$ 5,458,956
Building improvements	3,125,675	195,862	-	3,321,537
Computer software and equipment	3,696,811	173,510	-	3,870,321
Facility equipment	1,535,247	145,512	-	1,680,759
Infrastructure	5,880,940	4,937,378	-	10,818,318
Signage	195,542	23,115	-	218,657
Simulators and exhibit fabrication	3,884,306	793,768	-	4,678,074
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	399,227	18,486	-	417,713
Work in progress	5,496,888	(5,396,888)	-	100,000
	\$ 28,663,655	\$ 1,983,622	\$ (17,213)	\$ 30,630,064

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

9. Tangible capital assets (continued):

Accumulated amortization	December 31, 2022	Balance Amortization expense	Disposals	Balance December 31, 2023
Athletic equipment	\$ 2,866,828	\$ 374,296	\$ (17,213)	\$ 3,223,911
Building improvements	2,354,463	293,467	-	2,647,930
Computer software and equipment	3,339,835	266,806	-	3,606,641
Facility equipment	1,346,419	132,199	-	1,478,618
Infrastructure	1,051,070	187,918	-	1,238,988
Signage	173,470	17,030	-	190,500
Simulators and exhibit fabrication	2,773,096	438,063	-	3,211,159
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	364,938	19,073	-	384,011
	\$ 14,335,848	\$ 1,728,852	\$ (17,213)	\$ 16,047,487

	2023 Net book value	2022 Net book value
Athletic equipment	\$ 2,235,045	\$ 1,516,462
Building improvements	673,607	771,212
Computer software and equipment	263,680	356,976
Facility equipment	202,141	188,828
Infrastructure	9,579,330	4,829,870
Signage	28,157	22,072
Simulators and exhibit fabrication	1,466,915	1,111,210
Uniforms, ice skates and helmets	33,702	34,289
Work in progress	100,000	5,496,888
	\$ 14,582,577	\$ 14,327,807

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 (2022 - nil).

10. Accumulated surplus:

	2023	2022
Accumulated surplus is comprised of:		
Share capital	\$ 1	\$ 1
Capital reserve	11,586,385	9,846,053
Other reserves/provisions	774,472	1,166,472
Operating surplus	607,259	610,286
Invested in tangible capital assets	8,503,469	7,871,999
	\$ 21,471,586	\$ 19,494,811

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

11. Financial risk management:

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

(a) Credit risk:

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

(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 2022.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

12. Related party transactions:

(a) City of Richmond:

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

In 2023, nil (2022 - \$24,663) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

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, including any financial support.

During 2023, the Corporation received a contribution from the City of \$3,903,713 (2022 - \$3,754,292) (note 17).

(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 2023, \$400,000 (2022 - \$399,996) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2023, \$664,897 (2022 - \$817,964) has been included in deferred revenue (note 8) and during 2023, \$553,067 (2022 - \$336,255) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

In previous years, the Corporation received hotel tax funding restricted for the purpose of purchasing tangible capital assets related to the Richmond Olympic Experience project. In order to retain the funding received in prior years, the Corporation must maintain and operate the tangible capital assets purchased with these funds over the life of the tangible capital assets. On an annual basis, the Corporation must provide a report to the City as to the use of the funds and the maintenance and operation of these tangible capital assets. As at year-end, \$3,526,038 (2022 - \$3,638,995) 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.

13. 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, 2022, the Plan has about 241,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

13. Pension plan (continued):

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

The most recent valuation for the Municipal Pension Plan as of December 31, 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 \$630,578 (2022 - \$553,353) for employer contributions to the Plan in fiscal 2023.

14. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT (note 6) and the City (note 12).

15. Contractual rights:

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

2024	\$	526,065
2025		513,424
2026		476,457
2027		378,054

In addition, the Corporation receives funding from the City (note 12(a)) and from the GOT (note 6).

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

16. Other revenue:

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

17. Government transfers:

Government transfers are received for operating and capital activities. During 2023, the Corporation received an operating transfer of \$3,903,713 (2022 - \$3,754,292) (note 12(a)) and capital transfers of \$396,399 (2022 - \$1,353,601). The capital transfers are included in deferred revenue.

18. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. These reclassifications do not impact the annual surplus reported in the prior period or net financial assets.

**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, 2023 to December 31, 2023, together with the auditor's report on such financial statements, which financial statements were approved by the Company's board of directors on April 24, 2024 and presented to the Shareholder at the Finance Committee meeting of Richmond City Council on May 6, 2024;

In accordance with the Company's Articles, the following persons, who have consented to be directors of the Company, 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 2026:

<u>Name</u>	<u>Term</u>
	2026
	2026
	2026
	2026
	2026

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 2023 Annual Report of the Company is hereby received; and

June 3, 2024 be and is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of June 3, 2024

CITY OF RICHMOND

Mayor Malcolm Brodie

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 3, 2024.

RICHMOND OLYMPIC OVAL
CORPORATION

Rick Dusanj
Chief Financial Officer

2023

ANNUAL REPORT



Rovers practising on The Fields

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Thanks to our Corporate Partner

Scotiabank.

LETTER FROM THE CHAIR



GARY COLLINGE
Chair of the Board of Directors

As the chair of the Board of Directors, I am pleased to present the 2023 Annual Report. In 2023, we witnessed innovation, engagement and a return to activity levels not seen since pre-pandemic days. One of the year's major developments was the addition of The Fields to the Oval's programmable infrastructure. The Fields include mini-turf soccer fields, half-courts and a dedicated outdoor fitness area. This new facility is a valuable asset for Richmond residents and the sporting community, providing an opportunity for sport, recreation and fitness activities.

In 2023, the Oval fostered deeper connections with the local community by organizing engagement events and seniors running events, and by hosting over 50 other events of various scales and purposes. More than 35 community user groups also selected the Oval as their preferred venue for training and competition.

We concluded the year by expressing our gratitude to our former chair, Dennis Skulsky, and outgoing members of the Board for their long-standing service. Subsequently, we have welcomed new directors who will help guide the Oval in maintaining its operating objectives. I am grateful to work alongside this dedicated group of community members and professionals to guide the Oval into 2024 and beyond.

On behalf of the Board, I thank our Chief Executive Officer, George Duncan, and his team of committed staff, whose unwavering dedication to the Oval and its continuous advancements have remained a constant source of inspiration. I would also like to thank the mayor and council for their continued support without which the Oval would not have experienced the level of success that has been realized since its opening. Finally, 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 extend my gratitude to Oval partners and volunteers who help to make the Richmond Olympic Oval an inclusive and inspiring venue. I also want to thank our community for their continued support and participation in our programs and events. We look forward to seeing you at the Richmond Olympic Oval soon.

Gary Collinge
Chair of the Board of Directors

MESSAGE FROM THE CEO



GEORGE DUNCAN
Chief Executive Officer

It is an honour for staff at the Richmond Olympic Oval to serve the community of Richmond. Our goal is to provide premiere programs for people of all ages and backgrounds who visit our facility, whether visitation is for a child's first skating lesson or to participate in a fitness program for active older adults. We strive to support every endeavour in our world-class facilities with exceptional programming and expert coaches and instructors to help the community become healthier and happier. The Oval has successfully supported the community's daily athletic and fitness pursuits by providing a diverse range of offerings.

A major accomplishment of 2023 was the grand opening on August 26 of a new outdoor program space known as The Fields. This new facility vastly improved the pre-existing grass field that was limited to only seasonal use. The Fields now features three mini-turf fields, three 3x3 basketball courts and an outdoor fitness area that can be utilized by sport groups and the community year-round. This project was funded with the assistance of contributions from external groups such as the Richmond Hotel Destination Association, Pacific Economic Development of Canada and the Province of BC's Community Economic Recovery Infrastructure Program. Since opening, various community groups have utilized The Fields for their regular training sessions and in 2024 there will be an increase in member programming and various bookings for events and group training.

There are many other exciting highlights to share. In 2023, the Oval:

- Hosted more than 35 community sport organizations for training and competition, including the Connaught Figure Skating Club, who utilize the facility for regular training of Richmond-based athletes, and Pinnacle Cheer, who host three annual events at the Oval.
- Introduced a popular new suite of fitness offerings called DEKA™. Inspired by the ancient Greek decathlon, DEKA™ consists of ten functional training zones designed to challenge strength, endurance and determination. In 2023, the Oval

hosted two DEKA™ events, a member challenge and, most notably, introduced DEKA™ Strength to the group fitness schedule.

- Hosted two BC school climbing competitions to introduce sport climbing to local high school students and create a pathway for students to work towards. Nearly five hundred students from schools in Metro Vancouver and Vancouver Island competed in the two competitions, with 35 schools sending athletes to participate. The Oval continues to develop sport climbing as a popular emerging sport.
- Welcomed more than 3,000 students from 33 schools to the Olympic Experience for various educational experiences.

The Oval continues to be one of Richmond's preferred destinations for sport, fitness and wellness. Over 4,800 skating lessons, 900 climbing programs, 48,000 group fitness classes and 2,200 summer sport camp registrations took place during the calendar year, with the Oval experiencing 1.3 million visitations.

These accomplishments are not possible without the ongoing dedication of Oval staff. Thank you for your commitment to providing the community with quality programming and exceptional facilities. I would also like to extend my thanks to 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 2024, the Oval seeks to serve the community with increased value through a reduced non-peak drop-in rate, additional drop-in hours at the climbing wall and the exploration of innovative new programming to bring people to the Oval for reasons other than sport and fitness.

George Duncan
Chief Executive Officer

LEGACY GOALS AND OPERATING OBJECTIVES

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.

OPERATING OBJECTIVES

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

- The Oval will provide facilities, programs and services for quality sport, fitness, recreational uses and wellness services to 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 FIELDS
GRAND
OPENING**



**CARHA
HOCKEY
WORLD CUP**



57

Events Hosted

1.3
MILLION
Visitations

2023 AT A
GLANCE

38

Community Sport
Groups

245

Forever Young 8K
Participants



2,200

Summer Sport Camp Registrations
for 43 Different Camps



RICHMOND OLYMPIC OVAL 2023 ANNUAL REPORT 7




Molton CARMA Hockey
World Cup Game

2023 PROGRESS REPORT



01


POSITIVE BRAND AWARENESS


1,600,000
Website Visits

20,000
Social Media Comments, Likes and Shares

12




650
News Article Mentions

22,300
Social Media Followers



Parking Improvement Strategy

The Oval took multiple measures to ease pressure on its parking system and provide visitors with current information about the parkade's status. Seventeen additional parking spaces were added to the parkade and a dedicated lane was introduced for drop-offs and pick-ups to reduce traffic on Oval Way. The Oval also arranged off-site parking for staff of sport groups to ensure that members, guests and event attendees can access as many parking spots as possible. Finally, real-time parking availability status was made available on the Oval website to assist those planning their trips to the facility.



Retro Hoops Night



Retro Hoops Night



Ghosts and Grips



Oval Community Events

The Oval provides a unique setting where like-minded Richmond residents gather to work towards their health, fitness and wellness goals. Two community events were organized in 2023 to show appreciation for loyal Oval members.

On July 21, the Oval hosted Retro Hoops Night for basketball players who attend drop-in sessions. A DJ spun classic hip-hop music while members enjoyed nostalgic basketball games on a giant LED screen. Attendees were also treated to pizza and drinks and had the opportunity to shop for vintage basketball jerseys and other thrift items from local thrift stores, RC Thrifts and Cherry Pick Vintage.

On October 17, Ghosts and Grips created a Halloween atmosphere for members participating in drop-in climbing. The event featured a dyno competition, costume contest and a high jump challenge hosted by the OVALHP team. Attendees enjoyed spooky music and festive treats throughout the evening.

Olympic Experience CASH Award of Excellence

In June, the Richmond Olympic Experience was awarded the 2023 CASH Award of Excellence for the museum's feature exhibit Canada's Favourite Game. The CASH (Canadian Association for Sport Heritage) award recognizes the accomplishments of organizations that celebrate, preserve and promote Canada's sports heritage. The Award of Excellence selection committee highlighted the inclusion of interactive elements and the future planning shown in establishing a partnership with the Hockey Hall of Fame to regularly replenish the Canada's Favourite Game exhibit with new artefacts.



Keeping Richmond Active

The International Olympic Committee (IOC) launched its Let's Move campaign to celebrate Olympic Day on June 21, calling on people worldwide to move their bodies for 30 minutes. The campaign aligned with the annual ParticipACTION Challenge, which seeks to keep Canadian communities active in June. To join both local and global movements, the Oval challenged its members to partake in as many sports and fitness activities as possible throughout June. The Oval also released a sports and activities schedule for staff that included California kickball games, walks along the dyke and OVALfit DEKA™ classes. By the end of the month, the Oval contributed over 1,590,000 minutes of activity to the ParticipACTION Challenge.

02

THE DESIRED LOCATION FOR COMMUNITY SPORT, HEALTH AND FITNESS



4,800
Private Learn to Skate Lessons

900
Climbing Program Registrations

61,000
Table Tennis Sessions



Rovers Practising on The Fields



The Fields Open House

Unveiling the Fields

The Fields at Richmond Olympic Oval is a new multi-use facility for outdoor sports, entertainment and tourism located on the Oval's south side. The Fields provides year-round facilities for the increased demand for youth sport programming and event hosting. Available for a wide range of activities, The Fields features over 4,200 square metres of multi-sport turf, three hard-surface basketball courts, an outdoor training area and field-side high performance training space. The Fields is available for public use outside of programming hours. With the approval of the City of Richmond to improve the space, this project is financially supported by the Richmond Hotel Destination Association (RHDA), the Province of British Columbia's Community Economic Recovery Infrastructure Program and the Government of Canada's Pacific Economic Development program. User groups who utilized The Fields in 2023 include:



Scaling New Heights

On February 10, the Oval hosted its first BC Schools Climbing Competition, which saw over 220 students from 13 schools across the Lower Mainland and Vancouver Island compete in sport climbing. The competition provided an entry point for student involvement in the sport, with the school environment offering an economic opportunity for youth to get involved. The competition's formal structure creates a pathway for clubs and teachers to work towards and helps teachers secure funding for the sport within their schools.

On December 5 and 7, the Oval hosted the ISABC School Climbing Competition, where over 270 students from 22 schools competed. Given the event's success, plans for school competitions in 2024 are already underway.

Hoops Hype

Drop-in basketball remains a highly sought-after activity at the Richmond Olympic Oval, attracting members and visitors alike. Last year, the facility saw a total of 135,000 visitors, an 81% increase compared to 2022. This sharp rise can be partly attributed to the relaxation of pandemic-related restrictions, specifically the lifting of capacity limits and the need to pre-book each visit.

135,000

Basketball Drop-In Visitations



AED Installations

Three new automated external defibrillators (AEDs) were installed throughout all levels of the Oval in 2023. The new locations, which include the lobby, climbing wall and Olympic Experience, provide quick access to life-saving medical equipment in the main activity areas of the facility.

Eye-catching graphics were added to each location to increase awareness and visibility of the facility's now seven AEDs. A campaign showing AED locations was also launched on social media and on screens throughout the facility to further boost awareness.



OVALfit's Newest Addition

Inspired by everyday movements like pushing, lifting and cycling, the Oval introduced its newest fitness offering called DEKA™ to its members and the larger community. Created by the founders of the Spartan Races, DEKA™ offers fitness events, training and programming for all fitness levels. DEKA™ consists of 10 functional "zones" including:

- 30 RAM Alternating Reverse Lunges
- 500 Metre Row
- 20 Box Jump/Step Over
- 25 Med Ball Sit-Ups/Throws
- 500 Metre Ski Erg
- 100 Metre Farmers Carry
- 25 Calories Air Bike
- 20 Dead Ball Wall/Shoulder Over
- 100 Metre Tank Push/Pull
- 20 RAM Burpees

Three OEKA™-inspired offerings landed at the Oval in 2023, including events called DEKA™ STRONG and MILE, a member challenge called OEKA™ DRY TRI, and a group fitness class called DEKA™ STRENGTH.

DEKA™ STRENGTH is a high-energy group fitness class that builds strength, power and endurance in a fun and supportive environment. DEKA™ STRENGTH falls under the OVALfit suite of classes that consist of four formats:

- FLOW: Pilates, hatha yoga and barre
- RIDE: an immersive, data-driven indoor cycling program
- MOVE: Zumba, kickboxing and boot camp
- ATHLETIC: high-intensity interval training

The Oval boasts four dedicated fitness studios with specialized branding to accompany each format to match and provide an enhanced fitness experience. Group fitness classes are a coveted experience, where traditional fitness studios specialize in one format. In 2023, the Oval offered over 60 weekly classes ranging from low-intensity yoga to heart-pumping athletic classes. These diverse formats allow Oval members to diversify their fitness routines and participate in various boutique-style fitness classes, providing community members with exceptional value.



49,000

Group Fitness Class Registrations

3,100

Group Fitness Classes



**SUPPORTING
HIGH
PERFORMANCE
SPORT**



8,700

Training Sessions

2,000

Local, Provincial and National Athletes Supported



Wesley Chiu Training at the Oval

Chasing Excellence

The High Performance Department of the Richmond Olympic Oval nurtures young athletes by providing progressive programs and comprehensive support services based on the long-term athlete development framework created by Canadian Sport for Life. This framework aims to cultivate an active lifestyle among Canadians, beginning with early age development of play and movement and continuing through to the Train to Win stage, where athletes compete at the highest level.

Richmond's very own Wesley Chiu, a rising star in figure skating, exemplifies the Oval's role in developing the community's young athletes. Wesley first skated on Oval ice at age eight and has trained with the Connaught Figure Skating Club at the Oval since 2014. He began 2023 with an impressive third-place finish at the Canadian National Men's Championships, placed second at the ISU Cranberry Cup in Boston, and was selected as one of 18 athletes to compete as a part of Team Canada at the ISU Grand Prix of Figure Skating Series held in Vancouver.

Wesley's progression from a novice skater to an Olympic hopeful has been supported by OVALHP strength and conditioning coaches to complement his on-ice training with Connaught.

KEY PARTNERSHIPS



Elevating Performance

The Oval's team of High Performance coaches provides strength and conditioning services for a wide range of athletes and teams to support their performance in games, competitions and tournaments. These athletes range from local sport groups such as Thunder Junior Rowing, Greater Vancouver Canadians, Vancouver Angels Female Hockey, Split Second Basketball and Connaught Skiing Club to national sport organizations such as Field Hockey Canada, Volleyball Canada and athletes from Table Tennis Canada. Additional sports supported by OVALHP strength and conditioning services include soccer, baseball, basketball, rugby, climbing, field hockey, lacrosse, softball, speed skating, tennis, wheelchair basketball, wheelchair rugby and more.

In 2023, OVALHP introduced the TeamBuild app to better support athletes' needs. The app delivers tailored training programs directly to athletes' cell phones, allowing them to track and monitor their progress. Coaches can then adjust and adapt the program to suit each individual athlete. Additionally, OVALHP introduced ForceDecks, a dual force plate system that analyzes balance, strength and movement strategies across various key exercises. ForceDeck allows OVALHP coaches to analyze athlete neuromuscular strength and imbalances for individualized training programming.



Speed and Life Camp Participants

Speed Climbing's Rising Star

Fourteen-year-old Richmond resident Bruce Kong was selected to compete in speed climbing at the International Federation of Sport Climbing (IFSC) Youth Worlds in Seoul, South Korea, on August 19-27. This prestigious event invites the top three athletes from each country per climbing discipline per age category. Bruce finished 22nd overall in the Youth B Male category with a time of 9.49 seconds.

Bruce began training in sport climbing at the Oval at eight years old, with 2023 being his first year of eligibility to compete as a part of the Youth National Team. Bruce's accomplishments demonstrate the progression of Oval climbing programs as high performance climbing continues to gain popularity.



Bruce Kong Competing at Lead Nationals

Path to Paris

Oval members who visit the Fitness Centre on weekday mornings may recognize Tara Llanes as the wheelchair basketball athlete meticulously working on her power, shooting and drills on the courts. Tara has been a member of the Wheelchair Basketball Senior Women's National Team since 2018. As a former mountain bike athlete, Tara brings a tenacious attitude to the courts and her off-court training. OVALHP began supporting Tara's training in 2016 through the Gymworks™ program. In 2020, the Oval further facilitated her training by providing dedicated court time for her technical development. In 2023, OVALHP supported her strength and conditioning program twice weekly. Tara and the team placed fifth at the World Championships in Dubai in 2023. With her first taste of Paralympic competition during the 2020 Tokyo Summer Paralympics, Tara's eyes are set on qualifying for the upcoming 2024 Paris Summer Paralympics in April 2024.



Tara Llanes Training at the Oval

Supporting Field Hockey Canada's Next Generation

OVALHP continued its work with the next generation of athletes in the Field Hockey Canada system. Field Hockey Canada's Vancouver-based athletes in the Women's NextGen female junior program trained with OVALHP throughout 2023. During the winter and spring months, the Oval facilitated strength and conditioning sessions twice a week with the key aim to facilitate Field Hockey Canada's ongoing athlete performance pathway development and to prepare the athletes for tours in Netherlands and France. Through the summer months, the Women's Junior National team completed a six-week program focused on preparing for the Junior World Cup in November. Seven of the athletes who participated in the program were selected for the Junior National Team and competed in the World Cup. The last block of training for Field Hockey Canada in 2023 incorporated 17 athletes from the Men's NextGen program.

Speed Skating Successes

The Oval's short track speed skating program experienced great success in 2023. Twenty athletes registered for the 2023-2024 season, the highest number in the program's history. In addition to record registration numbers, athletes training with OVALHP racked up the hardware during



OVALHP Speed Skaters Training

competition season. Four OVALHP athletes represented Team BC at the Canada Winter Games for short track, including Roanan Tien-Vidal, Paul Astor, Nora Wagner and Gabrielle Oetomo, and three Alumni athletes, Ryan Bolton, Charlotte Serimoski and Barnett Liu. All athletes finished within the top 20 rankings. Podiums at the BC Short Track Championships were also filled with OVALHP athletes, with 10 podium finishes, including four first place finishes and four second-place finishes in respective categories.

To develop the sport further, OVALHP offered its first speed skating summer camp. Fourteen athletes ages nine to 12 participated in the week-long camp, which included morning ice sessions, strength and conditioning sessions, OVALHP RIDE classes and afternoons in the Olympic Experience.

Creating Pathways

Elizabeth Lee is a Richmond resident who currently plays volleyball for the University of British Columbia (UBC) Thunderbirds. Through its partnership with Volleyball Canada's Regional Excellence Program (REP) and in-house strength and conditioning services, the Oval supported Elizabeth's journey toward collegiate play and her progression along the long-term development pathway. From 2017 to 2020, Elizabeth trained twice weekly at



Elizabeth Lee Training with OVALHP in 2018

the Oval with REP, which prepares athletes to reach their highest potential with holistic training and support, including technical training, physical assessments, testing, video analysis and integrated strength and conditioning. OVALHP coaches oversee the sport-specific strength and conditioning training for REP athletes, ensuring they develop the necessary body composition, muscular strength and cardiovascular endurance to perform to the best of their abilities on the court. These training sessions complement the athlete's club and high school training with a low coach-to-athlete ratio, further supporting the athlete's progress.

Before accepting her current roster position with UBC in 2022, Elizabeth played for Team BC in multiple disciplines, including Indoor in 2019, Beach in 2021, and Indoor Canada Games in 2022.

04

**VALUED BY THE
COMMUNITY AND
EMPLOYEES**


4,100
Members

3,000
Attendees at The Fields
Grand Opening

245
Forever Young BK
Participants




25,000
Olympic Experience Visits



Athletes Watching a Hobart CARHA Hockey World Cup Game from the Legacy Lounge

CARHA Hockey World Cup

Following three years of pandemic-related postponements, the Molson CARHA Hockey World Cup landed in Richmond from March 19 to 25. This event attracted over 1,500 athletes from 100 teams worldwide, including from Australia, England, Finland, Italy, Kazakhstan, Sweden, Switzerland, Ukraine and the US, in addition to Canadian teams. The Oval had the honour of hosting 56 games and the event's opening and closing ceremonies. As well, the popular Players Pub, where athletes watch games, was hosted in the Legacy Lounge, which overlooks the two Olympic-sized ice rinks.



YEAR OF EVENTS

In 2023, the Richmond Olympic Oval hosted 57 events, ranging from community meets to international sport competitions.



1



3



4



5



2

MARCH

- MARCH 3
Aura Cup
- MARCH 4
Push 4 Impact
- MARCH 6 – 7
Rehab Expo
- MARCH 19
CARHA Opening Ceremonies
- MARCH 20 – 25
CARHA Games (3)
- MARCH 25
CARHA Closing Ceremonies
- MARCH 31 – APRIL 2
Wheelchair Rugby Vancouver Invitational

APRIL

- APRIL 4
Sport For Life Summit
- APRIL 7 – 10
Climbing Youth Provincials
- APRIL 14 – 15
World Karate Federation
- APRIL 21 – 23
U17/18 Volleyball Provincials
- APRIL 29 – 30
Karate BC Provincials



6

MAY

- MAY 6 – 7
Delta Gymnastics Invitational and Cash & Carry Cup (4)
- MAY 13
Chinese Street Dance Festival
- MAY 13 – 15
Wheelchair Basketball Nationals (5)
- MAY 19 – 21
Canadian Championships In Men's and Women's Artistic Gymnastics
- MAY 24
Hoopfest 2023 (6)
- MAY 27 – 28
Can-Am International Martial Arts Championships

JUNE

- JUNE 3 – 4
Asia Pacific Table Tennis Open
- JUNE 7
Sport Event Congress
- JUNE 10 – 11
BCSRA



7



8

JULY

- JULY 8
Cars and Hoops
- JULY 15 – 16
Wheelchair Boccia Provincials
- JULY 22 – 23
Wheelchair Floorball Championships
- JULY 23
DEKATM STRONG (7)
- JULY 30
Canadian Alliance of Chinese Association Multicultural Carnival

AUGUST

- AUGUST 3 – 6
United Filipino Volleyball Tournament
- AUGUST 5 – 6
MADE Hoops
- AUGUST 18
ADCC (Abu Dhabi Combat Club) Open Vancouver
- AUGUST 23
World Cup Field Painting Competition
- AUGUST 25 – 27
Beat the Heat Hockey Tournament
- AUGUST 26
The Fields Open House (8)



9



10

SEPTEMBER

- SEPTEMBER 6
Nintendo Switch Cinema Experience
- SEPTEMBER 8 – 10
North American Climbing Cup (9)
- SEPTEMBER 9
Hoopstax
- SEPTEMBER 10
Forever Young BK (10)
- SEPTEMBER 30 – OCTOBER 2
World Masters Functional Fitness Championships

OCTOBER

- OCTOBER 7
Korean Consul Cup Taekwondo Championships
- OCTOBER 20
Paris Tough Cup
- OCTOBER 26 – 29
Boccia Nationals



11

NOVEMBER

- NOVEMBER 2 – 5
Coat Sale
- NOVEMBER 3 – 5
Wheelchair Rugby Provincial Team Selection Camp and Tournament
- NOVEMBER 11 – 12
BC Handball Cup
- NOVEMBER 19
City Street
- NOVEMBER 25
DEKATM MILE and DEKATM STRONG
- NOVEMBER 26 – 27
Senior Lead National Championships

DECEMBER

- DECEMBER 2 – 3
Karate BC Canada Cup (11)
- DECEMBER 8
Seahawks Flag Clinic
- DECEMBER 16 – 17
Pinnacle Cheer – Pink Competition

Forever Young 8K

The ninth annual Forever Young 8K took over the Olympic Riverside Plaza on September 10, where 245 runners and walkers over the age of 55 raced along the middle arm of the North Dyke Trail. The event serves as a celebration of those who have committed to being fit for life and as a fundraiser for the Dream On Foundation, which grants wishes to seniors who would otherwise be unable to fulfill their dreams. Thanks to the donations from sponsors and participants, \$3,000 was donated to Dream On.



Forever Young 8K

Sport Event Congress

From June 6 to 8, Richmond hosted the 2023 Sport Event Congress, an annual conference that brings the sport tourism industry together. On June 7, the Oval hosted various activities for congress attendees, including a Volleyball Canada exhibition game, try-it activities like climbing and wheelchair basketball, tours of the facilities and more. The conference was attended by 220 of Canada's top professionals in all aspects of sport events, competitions and tournaments.



Sport for Life Summit

The Oval collaborated with Sport for Life on April 4 to host a day of dialogue on thriving through changing times. Virtual keynote speakers included Hayley Wickenheiser and Farhan Lalji. Panel discussions and case studies featured experts from local, provincial and national sport organizations. Attendees of the sold-out summit had the opportunity to engage with the diverse selection of panelists highlighting critical sport topics such as community building, volunteerism, accessibility and inclusion.



The Fields Open House

On August 26, the community was welcomed to The Fields Open House, the facility's official opening. The free event featured the Oval Blast Jamboree U11 and U12 soccer tournament, Van 3x3 basketball tournament, family-fun activities, open admission to the Olympic Experience, barbecues and more. Over 3,000 Richmond residents attended the festivities, which were kicked off by a ribbon-cutting ceremony.



From The Fields to the Skate Park: Diverse Sport Camp Success

With 229 sport camps offering 43 different camps throughout July and August, 2023 marked another successful year for Summer Sport Camps at the Oval. Of the more than 2,200 camp registrations, 79% were Richmond residents. The Oval hosted camps such as Beach Tots and Learn to Climb, while Outdoor Soccer Camps were held at the nearby Dover Park and Learn to Skateboard took place at the Richmond Skate Park. The Oval also offered several off-site camps such as Try Triathlon, GO Extreme! Girls in Motion and Outdoor Athlete.





Learning Through Sport

In 2023, the Olympic Experience welcomed over 3,000 students from 77 schools across Metro Vancouver with its popular education programming. Offering customizable experiences, ranging from one-hour to full-day bookings, the Olympic Experience integrates physical activities with learning about the history of sport in Canada. Programming is designed to help educators meet the British Columbia Ministry of Education's vision for student success by enhancing thinking, communication and personal/social core competencies.

3,000

Student visits from 77 schools



2024 OUTLOOK

The Richmond Olympic Oval is dedicated to enhancing its reputation as a top-tier venue for sports, fitness and community engagement. With a refreshed sense of purpose and a pledge to deliver excellence, expect 2024 to be a year of progress, creativity and meaningful contributions to the community.

Starting from early 2024, the Oval will be introducing a new non-peak drop-in rate of \$10 to encourage people to visit during low visitation hours. This will provide community members access to daytime sport and fitness activities at a reduced cost. Drop-in activities will be expanded at the climbing wall, with additional morning and evening hours to accommodate increased visitation. Drop-in will also be extended outdoors to The Fields to include sports such

as soccer. Members and guests can also look forward to upgrades to the fitness centre equipment, holds on the climbing wall and improvements to the Olympic Riverside Plaza.

In 2024, the Oval will continue to offer 63 weekly group fitness classes, providing even more opportunities for individuals to pursue their fitness goals under the guidance of experienced instructors. The OVALfit suite of classes ranges from low-intensity FLOW formats, including Pilates and Roll and Restore, to high-intensity ATHLETIC formats designed to challenge each participant's inner athlete.

Finally, an additional area of focus in 2024 is the planning and hosting of a summer event that seeks to unite the community and provide engaging activities at the Oval's indoor and outdoor facilities. This event aims to gather the local community to celebrate sport, fitness and wellness in the summer months and enhance the already diverse

roster of sporting and cultural events on the calendar for 2024. Sport hosting remains a key focus area for 2024, with sporting events contributing positively to Richmond's economy through hotel stays and other related spending.

The Oval demonstrates an unwavering commitment to excellence, innovation and meaningful community engagement. It inspires active and healthy lifestyles while cultivating a sense of belonging within the community. The Oval team eagerly anticipates welcoming new and familiar faces in the coming year as the Oval embarks on a wellness journey together with its patrons.



APPENDICES

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 "0927805 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

During 2023, 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 ending December 31, 2023
Moray Keith, British Columbia, Canada	President, Dueck Auto Group	June 2008	June 2021	2 years ending December 31, 2023
George Duncan, British Columbia, Canada	Chief Executive Officer, Richmond Olympic Oval	June 2008	May 2022	2 years
Urmanka Mittal, British Columbia, Canada	Executive Vice President and General Manager, Ecco Industries Ltd. and Advanced Cyclotron Systems Inc.	June 2008	June 2021	2 years ending December 31, 2023
Petar German, British Columbia, Canada	Principal, Petar German & Assoc. Inc.	June 2016	May 2022	2 years
Gall Terry, British Columbia, Canada	General Manager, Richmond Auto Mall Association	June 2016	May 2022	2 years
Lilac Cowell, British Columbia, Canada	Associate, Apostrophe PR Inc	June 2016	June 2021	2 years ending September 22, 2023
Walter Soo, British Columbia, Canada	Retired	June 2016	May 2022	2 years
Gery Collings, 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 ending December 31, 2023
Christine Heaslett, OLY British Columbia, Canada	Major Projects Planner, City of Vancouver AA Planning Olympic Champion Vancouver 2010 Olympic Silver Medalist Torino 2006 OLY Canada Commission	July 2018	June 2021	2 years ending December 31, 2023
Wayne Duzla, British Columbia, Canada	Associate VP, Terracep Group of Companies	October 2019	June 2021	2 years ending December 31, 2023

Executive Officers

During 2023, 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 Duan, 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

During 2023, 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
Moray Kalch (Committee Chair)	Gary Collings (Committee Chair)	Dennis Skulsky (ex-officio & Committee Chair)
George Duncan	George Duncan	Moray Kalch
Dennis Skulsky (ex officio)	Dennis Skulsky (ex officio)	Christine Nesbitt
Walter Soo	Umendra Mital	Chris Gear
Lisa Cowell	Peter Gorman	Walter Soo
Gail Terry	Weyna Duzita	Gail Terry
Chris Gear	Christina Nesbitt	
Christine Nesbitt		

APPENDIX B – AWARDS SINCE OPENING

Awarding Body	Award
Canadian Association of Sport Heritage	CASH Award of Excellence
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 Olympic Committee, International Association for Sports and Leisure Facilities	IOC/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	Institutional Wood Design
Institution of Structural Engineers	Sports of Leisure Structures Award
The ASHRAE Technology Awards	Region XI Winner: New Public Assembly Building
Canadian Consulting Engineer Awards	Technical Merit Award
National Council of Structural Engineers Association	Finalist Award of Exceptional Merit in Buildings over \$100 million
The Globe Foundation and the World Green Building Council	Excellence for Green Building Award
VRCA Awards of Excellence	Chairman's Trade Award Gold
VRCA Awards of Excellence	Chairman's Trade Award Silver
VRCA Awards of Excellence	President's Trade Award Silver
VRCA Awards of Excellence	Manufacturer & Supplier Silver
VRCA Awards of Excellence	Electrical Contractors Over \$1 Million - Gold
VRCA Awards of Excellence	General Contractor of the Year Award
VRCA Awards of Excellence	Trade Contractor of the Year Award
CISC/CCA Steel Awards (British Columbia Chapter)	Outstanding Steel Structure: Engineering Division Award of Excellence
Canadian Wood Council	North American Wood Design Award
Inform Awards	Honour Award, Interior Design
Concrete Reinforcing Steel Institute	Award Winner, Cultural & Entertainment Facilities
Society of American Registered Architects (SARA), New York Council	Citation
WANOC 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
IOC/IAKS	Distinction Award
2010 CISC "National" Steel Design Award	Best of the Best - Across Canada

APPENDIX C – 2023 ATHLETE ACHIEVEMENTS

Badminton				
Private Training	Thalia Se	Athlete Awards	Nominated by Badminton BC as Jr Female Athlete of the year	

Basketball				
Cobras U16 Girls	Zoe Millett	U18 National Championship	1st Place	Apr
PEAK	Marah Dykstra	U19 World Cup	Athlete Competed	Jul 15-20

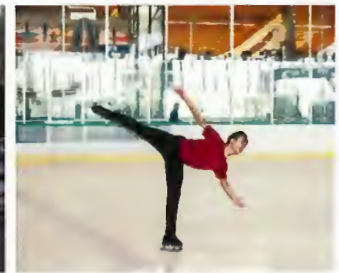
Field Hockey				
U18 National Team	Nadine Brauninkmeyer, Wynn Brown, Stella Goddard-Despot, Lindsey Hills, Stella Malinowski Rylie Novak, Georgia Reynolds Ella Rideout, Callista Schwartz, Kiera Mason	U18 National Team	Athletes Selected to Roster	Feb 23
	Emily Armet, Olive Bodet, Mackenna Brown, Alice Campbell, Rayne Dhallwall, Lydie Harrington, Sukhmeen Kaur Hundal, Carryn Jacques, Alie Lavis, Madelyn Potts, Suttan Ven Dyk, Annelie Leguifoux	U16 National Team CEC Bouldering and Difficulty Youth Nationals, 2022	Athletes Selected to Roster	Feb 23

Figure Skating				
Connaught Figure Skating	Travis Tieng, Travis Tieng, Tetryn Lee	Challenge Cup	Novice Team BC	Nov 23
	Bonnie Chen, Mella Stuart, Vicky Pen	Challenge Cup	Novice Girls Team BC	Nov 23
	Kaeli Woo, Tianna Li	Challenge Cup	Pre-Novice Girls Team BC	Nov 23
	Gabriel Blumenthal, Liam Kapelkis	Challenge Cup	Senior Men Team BC	Nov 23
	Emilia Millard, Amy Shao Ning Yang, Melody Zhu	Challenge Cup	Senior Women Team BC	Nov 23
	William Chan, David Li, Neo Tran, David Howes	Challenge Cup	BC (WL, DL, NT), Team Manitoba (DH)	Nov 23
	Carson Chow, Juno Gira, Tristan Tan	Challenge Cup	Pre-Novice Boys Team BC	Nov 23
	Mitchell Dunn	Challenge Cup	Novice Pairs	Nov 23
	Liam Kapelkis	Challenge Cup	Represented USA at Skate Canada International	Dec 1
	Westley Chiu	ISU SGP Skate America ISU SGP Grand Prix France Canadian Championships ISU World Junior Championships	Athlete Competed Athlete Competed 3rd Place - Senior Mens 5th Place Finish	Oct 20-22 Nov 3-5 Jan 9-15 Nov 3-5
	Gabriel Blumenthal	Canadian Championships	Athlete Competed	Jan 9-15
	Amy Shao Ning Yang	BC Sectional Championships Skate Canada Challenge Canadian Championships	1st Place - Senior Ladies 2nd Place - Senior Ladies Athlete Competed	Nov 9-12 Nov 28-Dec 3 Jan 9-15
	Melody Zhu	BC Sectional Championships Skate Canada Challenge	3rd Place - Senior Ladies Athlete Competed	Nov 9-12 Nov 28-Dec 3

Richmond Resident

Neo Tran	BC Sectional Championships Canadian Championships	3rd Place - Junior Men Athlete Competed	Nov 9-12 Jan 9-15
William Chan	BC Sectional Championships Skate Canada Challenge Canadian Championships ISU Coup De Printemps	Athlete Competed 3rd Place - Novice Men Athlete Competed 2nd Place - Advanced Notice	Nov 9-12 Jan 25-28 Jan 9-15 Mar 17-19
Iionna Chen	Skate Canada Challenge BC Sectional Championships	Athlete Competed Athlete Competed	Jan 25-28 Nov 9-15
Louie Fukuda Wu	Canada Winter Games Skate Canada Challenge BC Sectional Championships	2nd Place - Pre-Novice Men 3rd Place - Pre-Novice Men 1st Place - Pre-Novice Men	Feb 19-Mar 5 Jan 25-28 Nov 9-12
Emily Liao	Canada Winter Games Skate Canada Challenge Provincials	Athlete Competed Athlete Competed 1st Place - Pre-Novice Ladies	Feb 18 Jan 25
Vicky Pan	Canada Winter Games Skate Canada Challenge BC Sectional Championships	Athlete Competed Athlete Competed 2nd Place - Pre-Novice Ladies	Jan 25-28 Nov 9-12 Oct 20-22
Liam Kapelkis	SGP Skate America ISU Ice Challenge Graz Univlad States National Championships ISU Four Continents Championships	Athlete Competed 1st Place Athlete Competed Athlete Competed	Oct 20-22 Nov 7-12 Jan 23-29 Feb 7-12
Davey Howes	Canadian Championships	1st Place	Jan 9-15
Jessily Sun O & Mitchell Oikari	Canadian Championships Canada Winter Games Skate Canada Challenge Provincials	1st Place Athlete Competed Athlete Competed 1st Place	Jan 9-15 Feb 18-Mar 5 Jan 25-28

Ice Hockey				
Greater Vancouver Canadians	U18 Team	BCEHL Playoffs	2nd Place	Mar
	U17 Team	BCEHL Playoffs	6th Place	Mar
	U16 Team	Camp Invitations + Maccabi Games	2nd Place	Mar



Speed Skating				
Oval High Performance Speed Skating	Paul Astor, Roanan Tien-Vidal Q, Nora Wagner and Gabrielle Otomo	Canada Winter Games	Athletes Completed	Feb 18-25
	Daniel Jiu, Arya Jahns, Heath Kennett, Aaron Liu Q, Gabrielle Otomo, Nora Wagner, Andy Liu Q, Nicola Law, Simon Mihalash, Daniel Li Q, Timian Astor	BC Short Track Championships	1st Place - Male 12 Division 2nd Place - Female 12 Division 1st Place - M13 2nd Place - M13 1st Place - Female Neo/Junior 2nd Place - Female Neo/Junior 2nd Place - Male Neo/Junior 1st Place - Female Junior 1st Place - Male Junior 3rd Place - Male Junior 4th Place - M13 Division	Mar 4-6
	Roanan Tien-Vidal Q, Paul Astor, Nicola Law, Gabrielle Otomo, Nora Wagner	Canada Cup Junior Final	Athletes completed	Mar 17-19
	Daniel Jiu, Heath Kennett, Timian Astor, Aaron Liu Q, Arya Jahns	Can Youth West Championships	2nd Place Overall - 12 M 5th Place Overall - Youth 11-13 3rd Place - Youth 13 M Division Athletes Completed Athletes Completed	Mar 26-26
	Roanan Tien-Vidal Q, Nora Wagner, Heath Kennett, Sophia Calvo-Martinez, Arya Jahns, Kai Barnett	Neo Junior and Junior Championships	Athletes Completed	Nov 10-12
	Connor Mason-Barnett, Sophia Calvo-Martinez, Arjan Sanders	BC Short Track Jamplonships	Connor - 2nd Place - Open Male Division Sophia - 3rd Place - Open Female Division	Nov 17-18

Sport Climbing				
Oval High Performance Sport Climbing	Bruce Kong Q, Nathan Worden Q	CEC Speed Nationals	Athletes Completed	Feb 18
	Ashley Kam Q, Selena Worden Q, Natalie Hou Q, Bruce Kong Q, Francine King Q, Jayden Milan Q, Natasha Wong Q, Noah Schwartz, Nathan Worden Q, Lynn Shang Q, David Gao Q	CEC Bouldering and Diffculty Youth Nationals	Athletes Completed	Apr
	Jayden Milan Q	CEC Youth Western Regionals	Athletes Completed	Apr
	Ashley Kam Q, Selena Worden Q, Natalie Hou Q, Bruce Kong Q, Francine King Q, Jayden Milan Q, Natasha Wong Q, Noah Schwartz, Nathan Worden Q, Lynn Shang Q, David Gao Q, Jakob Meenie Q, Jaelyn Chung Q	CEC Youth Nationals, Bouldering and Diffculty	Athletes Completed	May 18-23
	Bruce Kong Q	2023 IFSC Youth World Championships, Speed Climbing	Athletes Completed	Aug 18-27
	Nathan Worden Q, Selena Worden Q, Marco Liu Q, Jakob Meenie Q	North American Cup Series	Athletes Completed	Sep
	Natalie Hou Q, Selena Worden Q	CEC Senior Lead and Bouldering Nationals	Athletes Completed	Nov 22 - 27

Table Tennis				
Private Training	Ivy Liao	Pan American Games Pan American Championships ITTF World Championships ITTF Mixed Team World Cup	Athlete Completed Athlete Completed Athlete Completed Athlete Completed	Oct 20- Nov 6 Oct 20- Nov 5 May 20-28 Dec 4-10

Volleyball				
UBC Thunderbirds	Lucy Borowski, Elizabeth Lee Q, Katerina Pentovic, Cara Kovacs	USports Nationals	1st Place	Mar 12-19
REP	Jessie Huang, Vivian Vandergaag	16U BC Provincials	1st Place - Division 1	May 5-6
	Gabriela Frandsen, Louise Cassidy, Fern Buckley	16U BC Provincials	3rd Place - Division 1	May 5-6
	Louisa Cassidy, Vh'lan Vandergaag, Jessie Huang, Molly O'Brien	Team BC High Performance Selection Camp	Athletes Selected to Attend Team BC U16 Camp	Jul 7-12
	Louisa Cassidy	Canada Cup	Athlete Selected for Team BC U16	Jul 12-23
	All Rathief	Canada Cup	Athlete Selected for Team BC U16	Jul 9-23
	Olivia Festing	AA South Fraser Championships	1st Place	Nov 15
	Sofia Sakhan, Juliet Frandsen	Grade 9 South Fraser Championships	1st Place	Nov 21
	Nada Taylor	A South Fraser Championships	1st Place	Nov 15
	Isabelle Waterfall	AAAA South Fraser Championships	1st Place	Nov 15
	Gabriele Frandsen	AA Provincial Championships	1st Place	Dec 2
	Avery Caradonna, Olivia Wittstock	AA Provincial Championships	2nd Place	Dec 2
	Avery Caradonna	AA Provincial Championships	Best Libero	Dec 2
Team Canada	Lucy Borowski	Volleyball Canada Next Gen Team	Athlete Selected for Team	
	Women's National Team	FIVB Woman's Nations League NORCECA Continental Championships	Finished 10th Place 3rd Place	Sep 5-10

Wheelchair Basketball				
OVALHP Strength and Conditioning	Tara Llanes	Pan Pan American Games 2022 IWBF World Championships	Silver Medal 5th Place Finish	Nov 17-26 Jun 9-20



APPENDIX D – 2023 HP FACILITY AND SERVICE USER GROUPS

Local Sport Organization	Provincial Sport Organization
Air Attack Volleyball	Basketball BC
Achilles International Track & Field Society	BC Athletics
Asahi Baseball Team	BC Hockey
ADRA Rhythmic Gymnastics	BC Tennis Society
Brazilian Soccer School	BC School Sports
Catholic Independent Schools Vancouver Athletics	BC Taekwondo Federation
Delta Gymnastics Society	BC Speed Skating Association
Coronaught Figure Skating	BC Wheelchair Basketball Society
Drive Basketball	BC Wheelchair Floorball Association
Elite Racers Canada	BC Wheelchair Sports Association
Fusion FC	Ringette BC
Greater Vancouver Canadians Hockey Club	Sportability
Kajaks Track & Field	BC Rhythmic Gymnastics Federation
Nord-Ontario Hockey League	BC Wrestling
Leslie Global Sports	Karate BC
Pinnacle Cheer	Speed Skating BC
Richmond Arenas Community Association	Sport Climbing BC
Richmond Adult Soccer Association	Table Tennis North
Richmond Rockets	Volleyball BC
Richmond School District	
Split Second Basketball	National Sport Organization
Sekkaiwakan (Shoseikan) Karate	Climbing Escalade Canada
Supra Soccer Academy	Wheelchair Basketball Canada
Thunder Volleyball Club	Wheelchair Rugby Canada
TOCA Triathlon	Field Hockey Canada – Men's Sr. & Jr.
Thunder Rowing/UBC Boathouse	Field Hockey Canada – Women's Next Gen & TAP
Total Soccer	Speed Skating Canada
TSS Football Club	Paralympic Foundation of Canada
Vancouver Angels Female Hockey Association	Gymnastics Canada
Vancouver N Society	Table Tennis Canada
Vancouver Metro Leagues Basketball	Canadian Functional Fitness Federation
West Coast Can-Am Martial Arts	Boccia Canada
Vancouver Handball Club	Karate Canada
Vancouver Thunderbird Hockey	Volleyball Canada
Richmond Jets Ice Hockey Association	Freestyle Canada
Wings Badminton	Wheelchair Curling Canada
Clitus Table Tennis Club	Weightlifting Canada
Urban Rec	

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, 2023 relative to the year ended December 31, 2022.

This management's discussion and analysis should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2023 and the accompanying notes. The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

About the corporation

The Richmond Olympic Oval Corporation (the "Corporation") was incorporated on June 16, 2008 under the Business Corporations Act of British Columbia as a municipal corporation wholly-owned by the City of Richmond (the "City"). The Corporation's objectives with respect to the long-term use and operation of the Richmond Olympic Oval facility (the "Oval") include but are not limited to the following: a) the Oval will be developed, used and promoted for a training and competition facility for high performance sport; b) the Oval will provide facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public; c) the Oval will provide facilities for non-sporting, community and entertainment events; and d) the Oval will provide ancillary commercial, retail, health and wellness services to enhance its use in respect of the activities set out above.

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

Overview of Performance

REVENUE

2023 revenue from memberships, admissions and programs totalled \$10,151,000 (2022 - \$8,049,000). In 2023, revenue from these sources of \$1,322,000 was deferred to fiscal 2024 (2022 - \$1,061,000 was deferred to 2023).

The City applies for and receives funding from the 2010 Games Operating Trust ("GOT") as explained in note 8 to the financial statements. The City received \$4,136,000 during the year which was recognized as revenue earned in the year (2022 - \$4,212,000).

The Corporation received a contribution of \$3,904,000 from the City in 2023 (2022 - \$3,754,000).

Other revenue of \$2,987,000 was recognized in 2023 (2022 - \$1,557,000) and mainly consisted of parking, leasing, interest and capital funding revenue.

EXPENSES

During 2023, expenses were incurred for the following:

- Salaries and benefits of \$12,046,000 (2022 - \$10,396,000). There were approximately 70 full-time, and 273 part-time employees on the payroll as of December 31, 2023; (2022 - 69 full-time and 253 part-time employees);
- Other operating expenses incurred in 2023 totalled \$7,155,000 (2022 - \$6,448,000) 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.;
 - Costs associated with running and servicing Oval programs; and
 - Professional fees mainly related to legal and accounting fees.

The annual surplus for 2023 was \$1,977,000 (2022 - \$727,000). The total accumulated surplus as of December 31, 2023 is \$21,472,000 (2022 - \$19,495,000). Please refer to note 10 to the financial statement notes for the details of the accumulated surplus balance.

Summary of Financial Position

The following table presents summary information on the Corporation's financial position at December 31, 2023.

	\$000s	
	2023	2022
Financial Assets	\$11,256	\$10,233
Liabilities	10,759	11,753
Net Financial assets	\$6,527	\$4,970
Non - Financial assets	\$14,945	\$14,525
Accumulated surplus	\$21,472	\$19,495

FINANCIAL ASSETS

The Corporation has a cash balance of \$1,122,000 at year end (2022 - \$1,744,000). The investments balance is \$14,850,000 (2022 - \$14,207,000). The investments represent the Corporation's investments held in term deposits. The accounts receivable aggregating \$1,009,000 (2022 - \$595,000) resulted primarily from the sales of memberships, admissions, programs, rentals and from interest receivable. Inventories held for resale of \$185,000 (2022 - \$160,000) primarily consists of merchandise and products to be sold. The amount due from the City of \$119,000 (2022 - \$17,000 due from the City) arises in the normal course of operations.

LIABILITIES

Accounts payable and accrued liabilities of \$1,430,000 (2022 - \$2,267,000) primarily include payroll accruals, and trade payables for heat, light, power, building maintenance expenditures, legal and audit fees. Post-employment benefits of \$1,185,000 (2022 - \$900,000) are benefit obligations accrued based on projected benefits prorated as employees render services necessary to earn the future benefits. Deferred revenue of \$8,132,000 (2022 - \$8,578,000) 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 2023 for membership and programs to be delivered in 2024. A rental deposit of \$12,000 (2022 - \$7,000) is held as of the end of the year.

NON-FINANCIAL ASSETS

As at December 31, 2023, the Corporation had \$30,630,000 (2022 - \$28,664,000) 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 \$1,729,000 (2022 - \$1,782,000). Accumulated amortization of the capital assets amounted to \$16,047,000 (2022 - \$14,336,000) at year end.

Prepaid expenses of \$363,000 (2022 - \$197,000) 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 \$11,586,000 (2022 - \$9,846,000), other reserves/provisions is \$774,000 (2022 - \$1,167,000), accumulated operating surplus is \$607,000 (2022 - \$610,000), and the amount invested in tangible capital assets is \$8,503,000 (2022 - \$7,872,000) for a total accumulated surplus balance of \$21,472,000 (2022 - \$19,495,000).

Liquidity and Capital Resources

OPERATING

Cash provided by operations in the year amounted to \$2,006,000 (2022 - \$6,980,000).

CAPITAL ACTIVITIES

The Corporation purchased \$1,984,000 (2022 - \$3,966,000) of capital assets primarily consisting of sport and fitness equipment, building improvements, information technology, facility equipment and infrastructure and assets relating to the Richmond Olympic Experience project and the Fields project.

RELATED PARTY TRANSACTIONS

The Corporation is a municipal corporation wholly owned by the City. Note 12 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, 2023



KPMG LLP
 PO Box 10426 777 Dunsmuir Street
 Vancouver BC V7Y 1K3
 Canada
 Telephone 604 691 3000
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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, 2023
- 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, 2023, 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 2023 annual report.



Richmond Olympic Oval Corporation
 Page 2

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 2023 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 24, 2024

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	\$ 1,122,442	\$ 1,743,783
Investments (note 4)	14,850,000	14,206,580
Accounts and other receivable	1,009,382	595,183
Due from City of Richmond (note 5)	118,603	16,968
Inventories held for resale	185,275	160,232
	17,285,702	16,722,746
Liabilities		
Accounts payable and accrued liabilities	1,430,334	2,266,613
Post-employment benefits (note 7)	1,185,300	900,458
Deferred revenue (note 8)	8,132,049	8,578,270
Rental deposits	11,781	7,373
	10,759,464	11,752,714
Net financial assets	6,526,238	4,970,032
Non-Financial Assets		
Tangible capital assets (note 9)	14,582,577	14,327,807
Prepaid expenses and other deposits	362,771	196,972
	14,945,348	14,524,779
Economic dependence (note 14)		
Accumulated surplus (note 10)	\$ 21,471,586	\$ 19,494,811

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, 2023, with comparative information for 2022

	2023 Budget (Note 2(b))	2023	2022
Revenue:			
2010 Games Operating Trust Fund (note 6)	\$ 3,725,000	\$ 4,136,315	\$ 4,212,071
Contribution from City of Richmond (note 12(a))	3,903,713	3,903,713	3,754,292
Memberships, admissions and programs	8,379,797	10,150,551	8,048,501
Other revenue (note 16)	2,405,931	2,986,657	1,556,569
	<u>18,414,441</u>	<u>21,177,336</u>	<u>17,571,433</u>
Expenses:			
Salaries and benefits	11,128,078	12,045,966	10,396,266
Utilities	1,002,316	1,045,226	954,149
Amortization	2,500,000	1,728,852	1,782,243
Supplies and equipment	1,030,579	1,001,330	863,286
Insurance	740,400	697,986	620,064
General and administration	893,347	808,350	827,767
Marketing	156,388	156,395	162,782
Program services	1,142,599	1,572,920	1,188,153
Professional fees	57,560	142,936	49,537
	<u>18,641,267</u>	<u>19,200,561</u>	<u>16,844,247</u>
Annual surplus (deficit)	(226,826)	1,976,775	727,186
Accumulated surplus, beginning of year	19,494,811	19,494,811	18,767,625
Accumulated surplus, end of year	<u>\$ 19,267,985</u>	<u>\$ 21,471,586</u>	<u>\$ 19,494,811</u>

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (Note 2(b))	2023	2022
Annual surplus (deficit), for the year	\$ (226,826)	\$ 1,976,775	\$ 727,186
Acquisition of tangible capital assets	(2,205,000)	(1,983,622)	(3,966,248)
Loss on sale of tangible capital assets	-	-	1,609
Proceeds on sale of tangible capital assets	-	-	809
Amortization of tangible capital assets	2,500,000	1,728,852	1,782,243
	<u>295,000</u>	<u>(254,770)</u>	<u>(2,181,587)</u>
Acquisition of prepaid expenses and other deposits	-	(1,174,182)	(415,822)
Use of prepaid expenses and other deposits	-	1,008,383	921,150
Change in net financial assets	69,174	1,556,206	(949,073)
Net financial assets, beginning of year	4,970,032	4,970,032	5,919,105
Net financial assets, end of year	<u>\$ 5,038,206</u>	<u>\$ 6,526,238</u>	<u>\$ 4,970,032</u>

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 1,976,775	\$ 727,186
Items not involving cash:		
Amortization of tangible capital assets	1,728,852	1,782,243
Loss on sale of tangible capital assets	-	1,609
Changes in non-cash operating items:		
Accounts receivable	(414,199)	(263,271)
Due from the City of Richmond	(101,635)	(25,483)
Inventories held for resale	(25,043)	(20,666)
Prepaid expenses and other deposits	(165,799)	505,328
Accounts payable and accrued liabilities	(836,279)	1,054,523
Post-employment benefits	284,842	264,898
Deferred revenue	(446,221)	2,953,905
Rental deposits	4,408	-
	2,005,701	6,980,272
Capital activities:		
Acquisition of tangible capital assets	(1,983,622)	(3,966,248)
Proceeds on sale of tangible capital assets	-	809
	(1,983,622)	(3,965,439)
Investing activities:		
Net purchase of investments	(643,420)	(2,629,886)
Increase (decrease) in cash	(621,341)	385,147
Cash, beginning of year	1,743,783	1,358,636
Cash, end of year	\$ 1,122,442	\$ 1,743,783

See accompanying notes to financial statements.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

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 6) 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 include cash, investments, accounts receivable, and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition. Equity instruments and derivatives that are quoted in an active market are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the instruments at fair value. The Oval has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized on the Statement of Remeasurement Gains and Losses. They are recorded in the Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Oval does not have a Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments recorded at cost and are expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

2. Significant accounting policies (continued):

(c) Financial instruments (continued):

Accounts receivables, investments, and accounts payable and accrued liabilities, are measured at amortized cost using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations.

(d) Non-financial assets:

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

(i) Tangible capital assets:

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

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

Work in progress 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.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

2. Significant accounting policies (continued):

(f) Income taxes:

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

(g) Functional and object reporting:

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

(h) Budget data:

The budget data presented in these financial statements is based upon the 2023 budget approved by the Board of Directors on January 17, 2023.

(i) Measurement uncertainty:

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.

(k) Post-employment benefits:

Post-employment benefits accrue to the Corporation's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

3. Adoption of new accounting standards:

(a) PS 3280 Asset Retirement Obligations:

On January 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and,
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability. As at December 31, 2023, the Corporation determined that there are no asset retirement obligations associated with its tangible capital assets and hence, the adoption of this standard did not have any impact on the amounts presented in these financial statements.

(b) PS 3450 Financial Instruments and related standards:

On January 1, 2023, the Corporation adopted Canadian public sector accounting standard PS 3450 *Financial Instruments*, PS 2601 *Foreign Currency Translation*, PS 1201 *Financial Statement Presentation* and PS 3041 *Portfolio Investments*. Under PS 3450 *Financial Instruments*, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices (see note 2(c)).

The adoption of these standards did not have any impact on the amounts presented in these financial statements.

4. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	2023	2022
April 24, 2023	April 24, 2024	\$ 5,000,000	\$ -
June 27, 2023	June 27, 2024	600,000	-
July 21, 2023	January 22, 2024	2,500,000	-
July 21, 2023	July 22, 2024	5,000,000	-
December 7, 2023	April 8, 2024	1,750,000	-
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
		\$ 14,850,000	\$ 14,206,580

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

4. Investments (continued):

The interest rate of the term deposits ranges from 5.66% to 6.30% (2022 - 5.05% to 5.22%).

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

5. Due from City of Richmond:

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

6. 2010 Games Operating Trust Fund:

On November 14, 2002, under the terms of the Multiparty Agreement for the Games, the Government of Canada and the Province of British Columbia agreed to establish the Legacy Endowment Fund (the "Fund") and to each contribute \$55 million. On March 31, 2004, under the terms of the 2010 Games Operating Trust Agreement ("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:

	2023	2022
2022 annual distributable amount approve and received in 2023	\$ 4,136,315	\$ -
2021 annual distributable amount approve and received in 2022	-	4,212,071
	\$ 4,136,315	\$ 4,212,071

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

7. Post-employment benefits:

The Corporation provides certain post-employment benefits, non-vested sick leave, compensated absences, and termination benefits to its employees.

	2023
Accrued benefit obligation, beginning of year	\$ 900,458
Opening adjustment due to actuarial valuation, January 1, 2023	206,542
Current service cost	84,300
Interest cost	47,700
Benefits paid	(53,700)
Accrued benefit obligation, end of year	\$ 1,185,300

An actuarial valuation for these benefits was performed to determine the Corporation's accrued benefit obligation as at December 31, 2023. This actuarial gain is being amortized over a period equal to the employees' expected average remaining service lifetime of 11-years.

	2023
Accrued benefit obligation, end of year	\$ 1,185,300
Unamortized net actuarial gain	-
Accrued benefit liability, end of year	\$ 1,185,300

Actuarial assumptions used to determine the Corporation's accrued benefit obligation are as follows:

	2023
Discount rate	4.10%
Expected future inflation rate	2.50%
Expected wage and salary range increases	2.50% to 3.00%

8. Deferred revenue:

	2023	2022
Balance, beginning of year	\$ 8,578,270	\$ 5,624,365
Add: amounts received	12,691,087	12,558,875
Less: revenue recognized	(13,137,308)	(9,605,070)
Balance, end of year	\$ 8,132,049	\$ 8,578,270

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

8. Deferred revenue (continued):

Deferred revenue comprises of:

	2023	2022
Memberships and programs	\$ 1,322,166	\$ 1,061,065
Sponsorship fees	28,226	28,226
Sport Hosting funding (note 12(b))	664,897	817,964
Richmond Olympic Experience (note 12(b))	3,526,038	3,638,995
The Fields (a)	2,590,722	3,032,020
	\$ 8,132,049	\$ 8,578,270

(a) The Fields is a year-round outdoor activity space for sports programs and events. As at December 31, 2023, \$2,590,722 of the funds restricted for The Fields remain in deferred revenue and the revenue will be recognized based on the terms specified by the related agreements.

9. Tangible capital assets:

Cost	Balance December 31, 2022	Additions	Disposals	Balance December 31, 2023
Athletic equipment	\$ 4,383,290	\$ 1,092,079	\$ (17,213)	\$ 5,458,956
Building improvements	3,125,675	195,862	-	3,321,537
Computer software and equipment	3,696,811	173,510	-	3,870,321
Facility equipment	1,535,247	145,512	-	1,680,759
Infrastructure	5,880,940	4,937,378	-	10,818,318
Signage	195,542	23,115	-	218,657
Simulators and exhibit fabrication	3,884,306	793,768	-	4,678,074
Tenant Improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	399,227	18,466	-	417,713
Work in progress	5,496,888	(5,396,888)	-	100,000
	\$ 28,663,655	\$ 1,983,622	\$ (17,213)	\$ 30,630,064

RICHMOND OLYMPIC OVAL CORPORATION
Notes to Financial Statements

Year ended December 31, 2023

9. Tangible capital assets (continued):

Accumulated amortization	December 31, 2022		December 31, 2023	
	Balance	Amortization expense	Disposals	Balance
Athletic equipment	\$ 2,866,828	\$ 374,296	\$ (17,213)	\$ 3,223,911
Building improvements	2,354,463	293,467	-	2,647,930
Computer software and equipment	3,339,835	266,806	-	3,606,641
Facility equipment	1,346,419	132,199	-	1,478,618
Infrastructure	1,051,070	187,918	-	1,238,988
Signage	173,470	17,030	-	190,500
Simulators and exhibit fabrication	2,773,096	438,063	-	3,211,159
Tenant improvements	65,729	-	-	65,729
Uniforms, ice skates and helmets	364,938	19,073	-	384,011
	\$ 14,335,848	\$ 1,728,852	\$ (17,213)	\$ 16,047,487

	2023		2022	
	Net book value		Net book value	
Athletic equipment	\$ 2,235,045	\$ 1,516,462		
Building improvements	673,607	771,212		
Computer software and equipment	263,680	356,976		
Facility equipment	202,141	188,828		
Infrastructure	9,579,330	4,829,870		
Signage	28,157	22,072		
Simulators and exhibit fabrication	1,466,915	1,111,210		
Uniforms, ice skates and helmets	33,702	34,289		
Work In progress	100,000	5,495,888		
	\$ 14,582,577	\$ 14,327,807		

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 (2022 - nil).

10. Accumulated surplus:

	2023	2022
Accumulated surplus is comprised of:		
Share capital	\$ 1	\$ 1
Capital reserve	11,586,385	9,846,053
Other reserves/provisions	774,472	1,166,472
Operating surplus	607,259	610,286
Invested in tangible capital assets	8,503,469	7,871,999
	\$ 21,471,586	\$ 19,494,811

RICHMOND OLYMPIC OVAL CORPORATION
Notes to Financial Statements

Year ended December 31, 2023

11. Financial risk management:

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

(a) Credit risk:

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

(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 2022.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

12. Related party transactions:

(a) City of Richmond:

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

In 2023, nil (2022 - \$24,653) of general and administration and salaries and benefits expenses were charged to the Corporation for the provision of City staff time.

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, including any financial support.

During 2023, the Corporation received a contribution from the City of \$3,903,713 (2022 - \$3,754,292) (note 17).

(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 2023, \$400,000 (2022 - \$399,996) was transferred from the City to the Corporation as funding for the operations of that department. As at December 31, 2023, \$664,897 (2022 - \$817,964) has been included in deferred revenue (note 8) and during 2023, \$553,067 (2022 - \$336,255) was recognized in memberships, admissions, and programs revenue on the statement of operations relating to Sport Hosting.

In previous years, the Corporation received hotel tax funding restricted for the purpose of purchasing tangible capital assets related to the Richmond Olympic Experience project. In order to retain the funding received in prior years, the Corporation must maintain and operate the tangible capital assets purchased with these funds over the life of the tangible capital assets. On an annual basis, the Corporation must provide a report to the City as to the use of the funds and the maintenance and operation of these tangible capital assets. As at year-end, \$3,526,038 (2022 - \$3,638,995) 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.

13. 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, 2022, the Plan has about 241,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

13. Pension plan (continued):

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

The most recent valuation for the Municipal Pension Plan as of December 31, 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 \$630,578 (2022 - \$553,353) for employer contributions to the Plan in fiscal 2023.

14. Economic dependence:

The Corporation is economically dependent on receiving funding from GOT (note 6) and the City (note 12).

15. Contractual rights:

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

2024	\$ 526,065
2025	513,424
2026	476,457
2027	378,054

In addition, the Corporation receives funding from the City (note 12(a)) and from the GOT (note 6).

RICHMOND OLYMPIC OVAL CORPORATION

Notes to Financial Statements

Year ended December 31, 2023

16. Other revenue:

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

17. Government transfers:

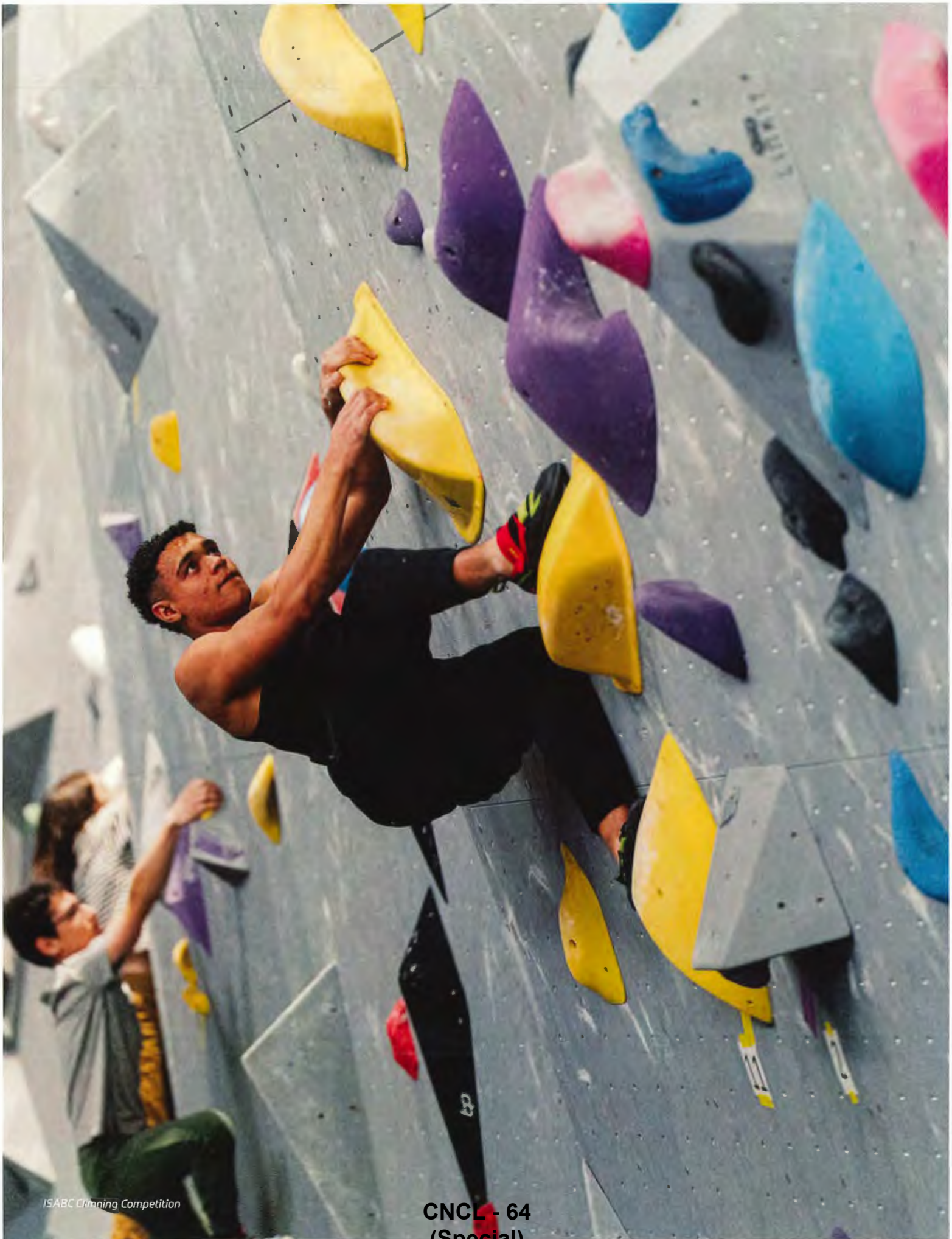
Government transfers are received for operating and capital activities. During 2023, the Corporation received an operating transfer of \$3,903,713 (2022 - \$3,754,292) (note 12(a)) and capital transfers of \$396,399 (2022 - \$1,353,601). The capital transfers are included in deferred revenue.

18. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year. These reclassifications do not impact the annual surplus reported in the prior period or net financial assets.



**CNCL - 63
(Special)**





Memorandum
Lulu Island Energy Company

To: Mayor and Councillors (“the Shareholder”) **Date:** May 17, 2024

From: Jerry Chong **File:** 01-0060-20-LIEC1/2024-
General Manager, Finance and Corporate Services Vol 01
Chair and Chief Financial Officer,
Lulu Island Energy Company

Re: **2024 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 3, 2024 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 2023 Annual Report

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

Att: 5





6911 NO. 3 ROAD
RICHMOND, BC V6Y 2C1

Report

DATE: May 1, 2024
TO: Board of Directors
FROM: Alen Postolka, P.Eng., Manager, District Energy
Re: 2024 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 1, 2024 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
Alen Postolka – COO
4. the financial statements of the Company for the period ending December 31, 2023, 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); and
5. the Lulu Island Energy Company 2023 Annual Report (Attachment 5) be approved and presented to the shareholder at the Special Council Meeting on June 3, 2024.

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 June 3, 2024.

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 Utility (ADEU) and City Centre District Energy Utility (CCDEU), which is now inclusive of the Oval Village District Energy Utility (OVDEU). Both the Alexandra and the City Centre service areas are experiencing rapid redevelopment, and LIEC has been growing to meet this increased energy demand, while maintaining exceptional reliability, transparency in operations, industry-competitive customer rates and excellent customer service.

Analysis

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

At the same time, there are also some annual legislated requirements, which need to be reviewed and approved by Directors of the corporation in accordance with the 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 2023 Annual Report is presented to the Board for their approval. In summary, LIEC financial statements show positive financial results and good financial health of the company. In recognition of the company's innovative and progressive initiatives with the focus on customer service excellence, LIEC was the recipient of a major national award in 2023: The Canadian Energy Globe Award.

Overall, by the end of 2023, over 7.3 million square feet of residential, commercial, and institutional buildings were serviced by district energy in Richmond.

Financial Impact

None.

Conclusion

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



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

- Att. 1: Unanimous Resolutions of the Shareholder of LIEC
- Att. 2: Notice of Appointment of Auditor
- Att. 3: Consent Resolution of the Directors of LIEC – Appointment of Officers
- Att. 4: Consent Resolution of the Directors of LIEC – Financial Statements
- Att. 5: LIEC 2023 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, 2023, 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 7;
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:

Jerry Ming Chong
John David Irving
Kirk Taylor
Anthony Capuccinello Iraci
Wayne Craig
Peter Russell
Venus Ngan
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 3, 2024 is hereby selected as the annual reference date for the Company for its current annual reference period.

DATED as of _____, 2024.

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 May 16, 2024.

LULU ISLAND ENERGY COMPANY LTD.

Per: _____
DocuSigned by:

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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:

Removal of Officers

RESOLVED THAT the following persons be removed from the offices set opposite their respective names:

Name	Office
Cecilia Maria Achiam	Corporate Secretary and Vice Chair
George Duncan	Special Advisor


Appointment of Officers

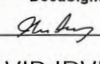
RESOLVED THAT the following persons be appointed to the offices set opposite their respective names to hold office at the pleasure of the directors:

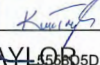
Name	Office
John David Irving	Chief Executive Officer
Jerry Ming Chong	Chief Financial Officer and Chair
Alen Postolka	Chief Operating Officer

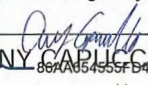
Execution by Counterparts


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 May 16, 2024.

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 JERRY MING CHONG

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 JOHN DAVID IRVING

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 KIRK TAYLOR

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 ANTHONY CAPUCCHINELLO IRACI

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 CECILIA MARIA ACHIAM

**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, 2023, 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 May 16, 2024.

DocuSigned by:



JERRY MING CHONG
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JOHN DAVID IRVING
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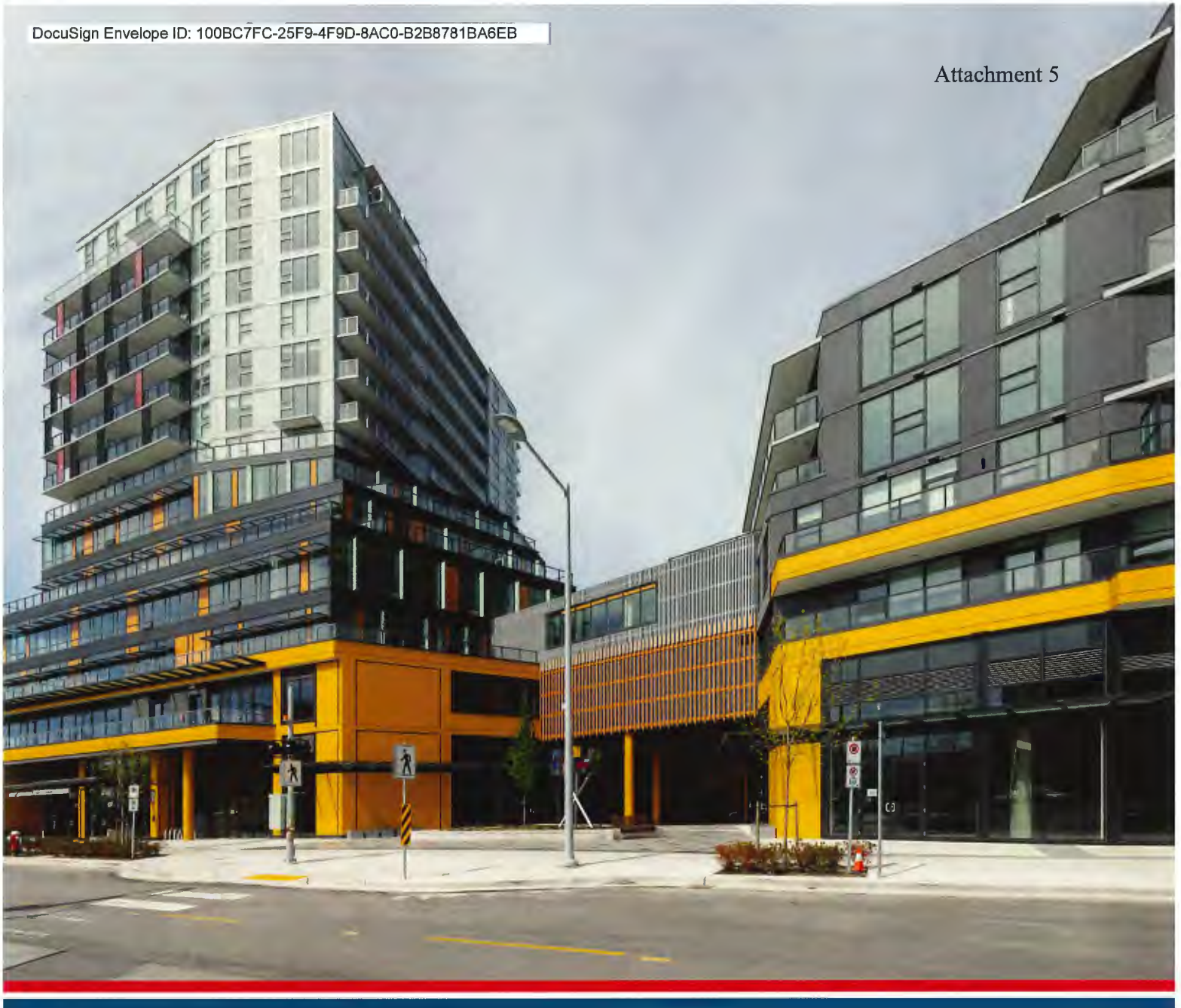
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CECILIA MARIA ACHIAM
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2023 | Annual Report



Air-source heat pumps located in the City Centre District Energy Utility

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The Richmond Centre development currently under construction.



■ MESSAGE FROM THE BOARD CHAIR

The Lulu Island Energy Company (LIEC) expanded its customer base, delivered major infrastructure upgrades and continued to provide exemplary customer service in 2023. Upon commencing the City Centre District Energy Utility (CCDEU) project in 2022, a major milestone in the company's history, LIEC staff have been working with developers to coordinate the connection of upcoming developments in the service area alongside planning for the implementation of new interim and permanent energy centres. Over the next 30 years district energy infrastructure will continue to expand and the connected floor area will grow to approximately 52 million ft². Persistent economical impacts such as inflation did not hinder district energy development as the service areas continued to expand as planned in 2023. LIEC is excited to share our recent accomplishments and future milestones, which are summarized in the report.

2023's accomplishments have resulted in more robust DEU infrastructure and a customer base that receives low carbon energy at competitive rates and excellent customer service. I proudly present the 2023 Annual Report to our shareholder, the City of Richmond, as a record of the company's financial performance and customer service excellence.


Jerry Chong
Chair, Lulu Island Energy Company

■ MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In 2023, LIEC initiated infrastructure upgrades and grew existing service areas while working closely with stakeholders and developers to facilitate future connections and deliver new infrastructure. The future permanent energy centre, located in the Oval Village, will utilize sewer heat recovery technology to service customers in 2028.

The CCDEU added its third development serviced by a low carbon, on-site energy plant in 2023, totalling 1,200,000 ft² of serviced floor space. This substantial connection is the first of many upcoming developments expected to connect in the City Centre area since the commencement of the CCDEU project. The CCDEU will continue to experience exponential growth with a variety of residential, commercial and mixed-use buildings in the horizon for future connection.

In the OVDEU area, capacity upgrades began construction, which will increase the aggregate capacity of the system to 19.2MW. As development accelerates in Richmond, LIEC is prudently ensuring that DEU infrastructure is ready to provide uninterrupted energy services to our customers.

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 2023.



John Irving

CEO, Lulu Island Energy Company



■ ABOUT THE LULU ISLAND ENERGY COMPANY

Lulu Island Energy Company provided heating, cooling and domestic hot water to 7.3M ft² of floor space in 2023.

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, 2023, LIEC had tangible capital assets of \$53,740,785, revenues of \$8,570,463, and expenses of \$6,500,723.



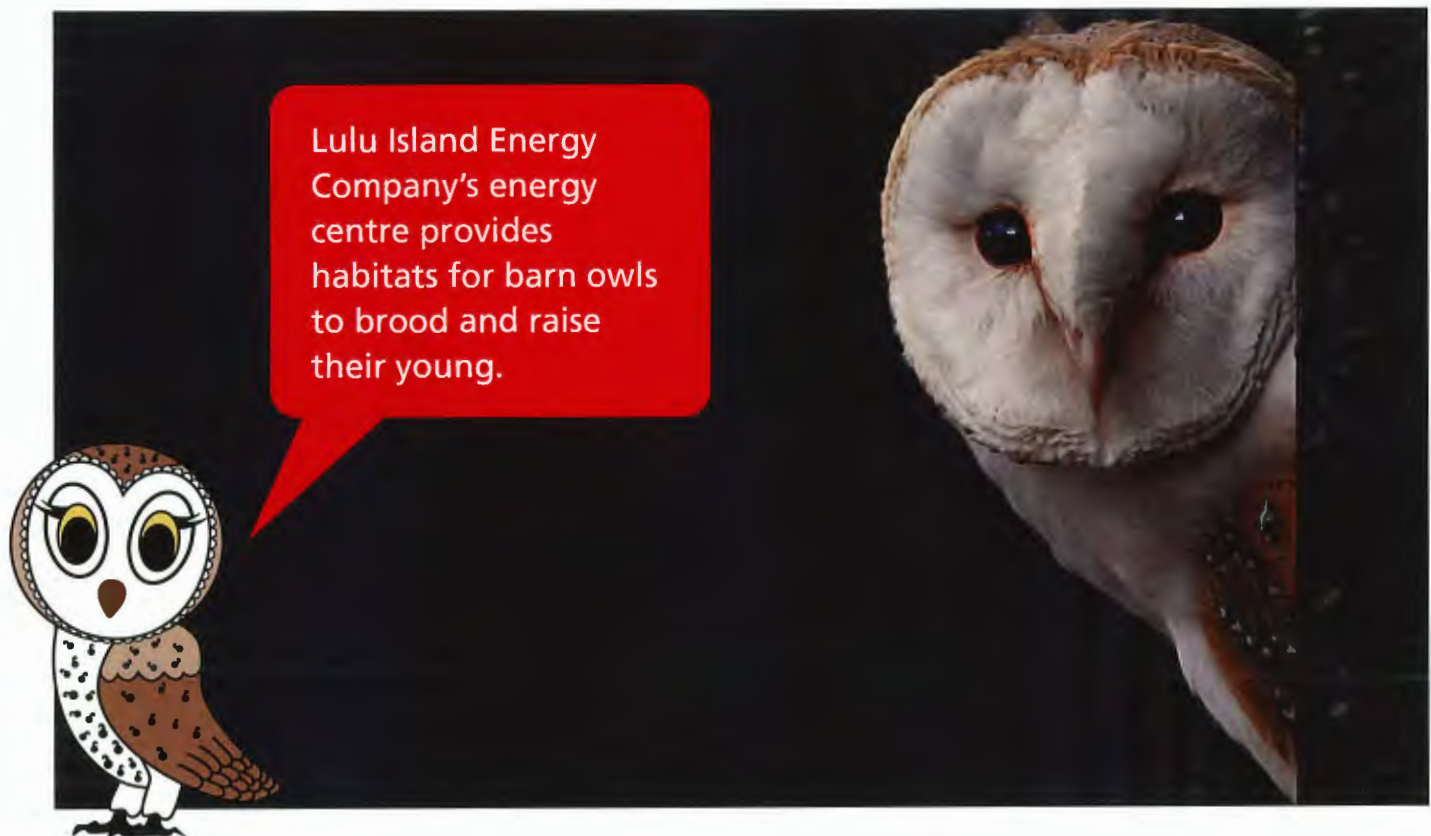
Interior supply and return piping located at the recently connected One Park.

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 2,400,000 ft2 of total floor area. As of December 31, 2023, the ADEU system delivered 68,268 MWh of energy to customers for space heating, cooling, and domestic hot water heating. More than 92% of this energy delivered was low carbon energy from the local geo-exchange fields. Upgrades to the plant's controls and fibre optic network infrastructure were successfully completed in 2023. This has allowed LIEC to improve its remote operation capabilities, lower operating costs and improving system reliability.

Educating Richmond Stakeholders: District Energy Utility Tours

Historically, LIEC has provided tours of the ADEU to a variety of interested parties. The tours provided education to interested stakeholders on district energy initiatives, how LIEC operates in Richmond and the many benefits that district energy provides to a community like Richmond. In 2023, LIEC also began conducting tours for the City of Richmond staff members to educate staff on the growing district energy initiatives within the City. Staff visit the DEU service areas in Richmond and were educated on different technologies within the multiple energy centres and connected customer buildings. This program further cements LIEC's commitment to educating Richmond stakeholders on district energy and the initiatives implemented to reduce community GHG emissions.



Lulu Island Energy Company's energy centre provides habitats for barn owls to brood and raise their young.

LOOKING FORWARD: 2024 WORK PLAN

Expansion of the City Centre District Energy Utility

Expansion of the CCDEU has been underway since the execution of a substantial \$175M financing deal with partners' Corix Utilities and Canada Infrastructure Bank. LIEC is in the early stages of development of the CCDEU system, which will swiftly become the largest DEU service area within its first few years of operation. While a permanent energy centre, utilizing sewer heat recovery technology, is expected to be completed by 2028. LIEC will continue progressing the interim connection strategy which involves utilizing onsite low-carbon energy plants and interim energy centres to serve upcoming developments.

The first phase of the Richmond Centre development, Building 1B, includes over 430,000 ft² of floor space is anticipated to connect via this connection strategy in 2024, which will mark the fourth 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
Richmond Centre (Ph 1B) – 6788 Minoru Blvd.	Mixed	436,882	2024

To provide service to upcoming developments in the Capstan neighbourhood, LIEC will be implementing a new energy centre in the north end of Capstan area. Similar to the approach utilized in the Oval Village neighbourhood, LIEC will first be utilizing a temporary energy centre until there are enough buildings connected to the system to justify the costs of constructing a permanent major energy plant. The temporary energy centre, currently in design, will be outfitted with 16MW of capacity and is schedule to be in service in 2026.

Ongoing Upgrades in the Oval Village Area

LIEC continuously monitors development activity, and is working diligently with Corix Utilities to ensure Oval Village area customers receive quality service and that the necessary infrastructure is built to service new developments. LIEC is utilizing the \$6.2 million in grant funding from the CleanBC Communities fund to construct a permanent energy centre that will utilize sewer heat recovery (SHR) as the primary technology to provide low-carbon energy. The project will reduce GHG emissions by 9,750 tCO₂e annually, increase service capabilities and be completed by 2028. The OVDEU team continues to leverage expertise in design, construction and operation of district energy utilities to ensure the efficient delivery of upgrade and expansion projects in the service area, and provide resilient and reliable energy services to our existing customers.

Alexandra District Energy Utility Expansion

Expansion and development in the West Cambie Neighbourhood continues. One new building is expected to connect to ADEU in 2024. This new development will increase the connected floor area by over 189,850 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 and for the addition of a third cooling tower to increase the cooling capacity of the system will also be completed in 2024.

Building and Address	Use Type	Floor Area (ft ²)	Occupancy
Camden Square – 9300/9320 Cambie Road	Residential	189,850	2024–2025



The award-winning ADEU plant.

■ ALEXANDRA DISTRICT ENERGY UTILITY SERVICE AREA

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.



Implementing distribution piping in the ADEU.

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

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.

2023 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: Monthly charge based on the gross floor area of the building (\$0.0956 per ft²)
- Volumetric Charge: Charge based on the energy consumed by the buildings (\$24.190 per MWh)

Buildings

Building Name and Address	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
Spark – 4033 May Drive	Residential	115,000
Berkeley House – 9233 Odlin Road	Residential	282,500
Camden Walk – 9200 & 9211 McKim Way	Residential	112,000

LIEC offers tours of our energy centres to ensure Richmond community members are aware of the benefits of using a district energy system.



Amenities surrounding the energy centre at Alexandra Park.

Building Name and Address	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	26,000

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 2023 was 68,268 MWh. Greenhouse gas performance by the end of 2023 was 11,776 tonnes of CO₂e avoided, equal to removing over 3,600 cars from City of Richmond roads for one year.¹

2023 Financial Summary

The total net book value of ADEU's capital asset at December 31, 2023 is \$22,476,689. Revenue from ADEU customers has been gradually increasing in pace with the occupancy of serviced buildings and new connected buildings. Revenue from operations for 2023 is \$2,876,481 (2022–\$2,857,251). Revenue increased by \$19,230, mainly due to additional energy use for buildings that were not fully occupied in prior years.

Corix Utilities remains engaged as the system operator under contract to perform functional verification ensuring continuous operation and fine tuning of the system. Total cost of sales (utilities, contract services, depreciation expenses) are \$1,592,180 (2022–\$1,557,977). The increase of \$34,204 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.

¹ epa.gov/energy/greenhouse-gas-equivalencies-calculator

■ CITY CENTRE DISTRICT ENERGY UTILITY

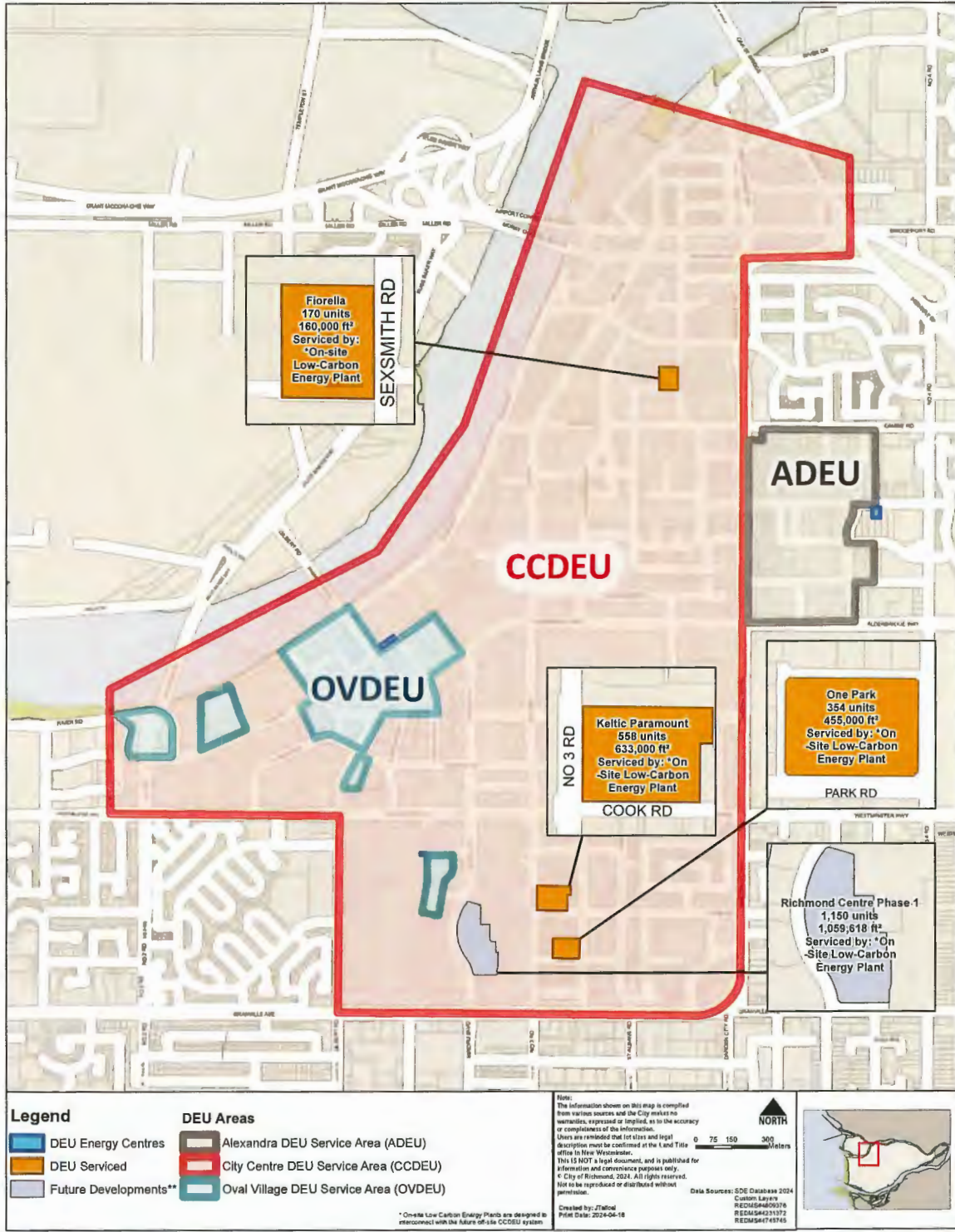
CCDEU Service Area

LIEC is facilitating development of the CCDEU system which, by full buildout, is projected to serve approximately 170 development sites and 52M 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 three CCDEU developments under this strategy, The Paramount, Fiorella and One Park were connected and are now being serviced by onsite energy plants which utilize low carbon technology. These sites comprise approximately 1,200,000 ft² of floor space and 1,100 residential units. The One Park development, comprising over 450,000 ft² of floor space was the most recent building to connect to the DEU. 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.



Development continues in Richmond's City Centre service area.

City Centre District Energy Utility Service Area Map

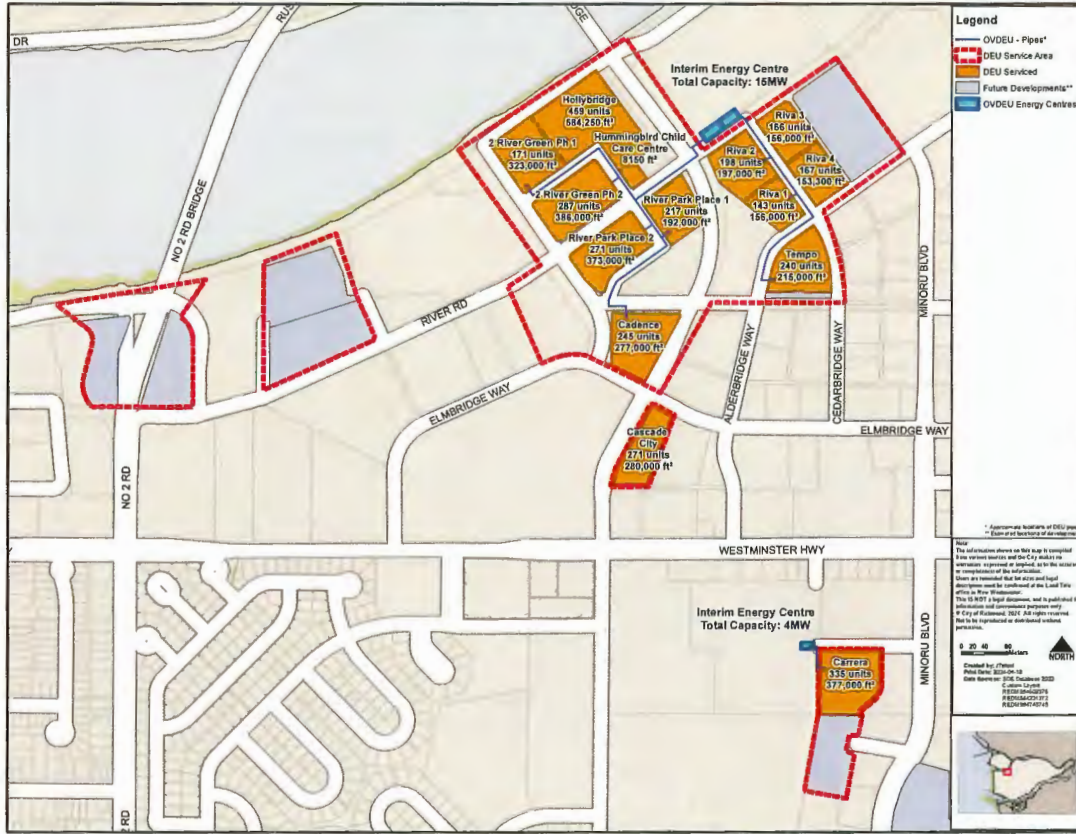


OVDEU Service Area

The OVDEU has been operating since 2015 under a Concession Agreement with Corix Utilities Inc. who designed, constructed, financed, operated and maintained the system. In 2022, the OVDEU infrastructure has been transferred under the CCDEU Project Agreement in which CIB will provide \$175 million in financing towards the further OVDEU infrastructure needed and City Centre Energy Limited Partnership (Corix Utilities), a wholly owned subsidiary of Corix Utilities will design, build, finance, operate and maintain the infrastructure. Further expansion of the Oval Village District Energy Utility (OVDEU) will be performed under the new CCDEU Project Agreement going forward

Today, over 3,000 residential units (14 buildings) are receiving energy from the OVDEU. At full build-out the OVDEU will service up to 5,500 residential units and 6.4 million 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.

Oval Village District Energy Utility Service Area Map





Riva 3, a building serviced in the OVDEU.

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.

2023 Rate Structure

CCDEU Service Area

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

- Capacity charge: Monthly charge based on the gross square floor area of the building (\$0.0738 per ft²)
- Volumetric Charge: Charge based on the energy consumed by the building (\$45.340 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: Monthly charge based on the gross square floor area of the building (\$0.0633 per ft²)
- Volumetric Charge: Charge based on the energy consumed by the building (\$38.952 per MWh)

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 One Park Onsite Energy Plant – 8119 Park Rd, Richmond, BC
Service	Space heating, space 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 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 19.2MW 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 to ensure a high level of reliability is provided to customers. The interim energy centres will be replaced by the 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	2,010 m (6,695 ft.) insulated steel piping

Connected Buildings

Building Name and Address	Use	Area (ft ²)
CCDEU Service Area		
The Paramount – 6320 No 3 Road	Residential/ Commercial/ Retail	633,000
Fiorella – 3699 Sexsmith Road	Residential	160,000
One Park – 8119 Park Road	Residential/ Commercial	455,000
OVDEU Service Area		
Carrera – 7368 Gollner Avenue	Residential	377,000
Riva Building 1 – 5399 Cedarbridge Way	Residential	156,000
Riva Building 2 – 5311 Cedarbridge Way	Residential	197,000
River Park Place 1 – 6888 River Road	Residential/ Commercial	192,000
Cadence – 7468 Lansdowne Road	Residential/ Commercial	277,000
Tempo – 7688 Alderbridge Way	Residential	215,000
Riva Building 3 – 7008 River Parkway	Residential	156,000
River Green – 6611 Pearson Way	Residential	323,000
River Park Place 2 – 6899 Pearson Way	Residential/ Commercial	373,000
River Green 2 – 6622 Pearson Way	Residential	386,000
Cascade City – 5766 & 5788 Gilbert Road	Residential/ Commercial	280,000
Hummingbird – 6899 Pearson Way	Commercial	8,150
Hollybridge – 6811, 6833 & 6855 Pearson Way	Residential/ Commercial	584,250
Riva 4 – 7771 Alderbridge Way	Residential	153,300

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 2023 was 146,808 MWh. The system has reduced greenhouse gas emissions by an estimated 61,205 tonnes of greenhouse gases (CO₂e), equal to removing 14,567 cars from City of Richmond roads for one year.² 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.



District energy infrastructure

² [epa.gov/energy/greenhouse-gas-equivalencies-calculator](https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator)

2023 CCDEU Financial Summary

In September 2022, 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. 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, 2023 is \$30,769,572. Revenue from CCDEU customers has been increasing in pace with the occupancy of serviced buildings and new connected buildings. Revenue from operations for 2023 is \$4,712,496 (2022-\$3,769,258). Revenue increased by \$943,238 compared to 2022. 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.

APPENDIX A: AWARDS & RECOGNITION

Awarding Body	Award	Date	Comments
Energy Globe Foundation	Canadian Energy Globe National Award	2023	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.
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.



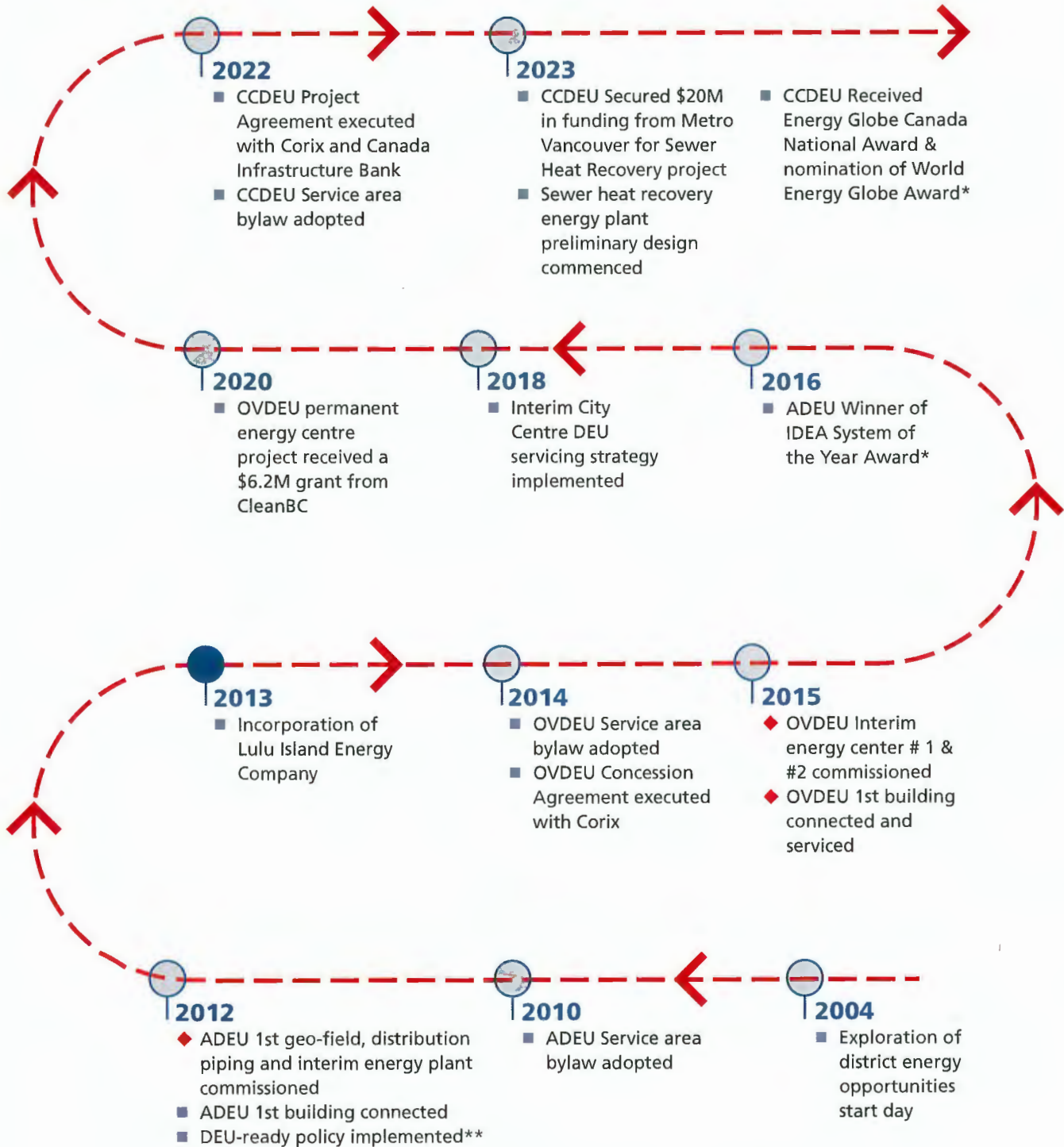
Stakeholders and staff review design options for the future energy plant.

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



* See Appendix A: Awards & Recognition

** New developments in the DEU service area must have the mechanical capability to connect to and receive 100% of annual space heating, domestic water heating, and space cooling from the DEU and connect to the network once informed by LIEC

APPENDIX C: MANAGEMENT'S DISCUSSION AND ANALYSIS

About the Company

The City of Richmond's 2041 Official Community Plan (OCP) establishes a target to reduce greenhouse gas (GHG) emissions 50 per cent below 2007 levels by 2030 and 100 per cent 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.

There are two established DEU service areas within the City; ADEU and CCDEU. Table 1 below provides a summary of the developments connected under the DEU service areas to-date.

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

	Buildings	Residential	Floor Area	
	To-Date	Units To-Date	To-Date	Build-Out
Alexandra DEU	13	2,200	2.4M ft ²	4.4M ft ²
City Centre DEU	17	4,256	4.9M ft ²	48M ft ²
Total	30	6,456	7.3M ft²	52.4M ft²

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 of 2,200 residential units and over 2.4 million square feet 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 CCDEU currently services 17 buildings, comprised of 4,256 residential units and approximately 4.9M ft² of floor area. 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. This project is in the preliminary design stage and is expected to be completed in 2028.

While offsite energy centres progress through development, CCDEU utilizes on-site low carbon energy plants as a source of energy production. At full build-out, 176 developments, 28,000 residential units and approximately 52M ft² of floor space will be serviced by 5 permanent energy centres with over 130 MW of heating and 115 MW of cooling capacity. The built out system is estimated to reduce over one million tonnes of GHG emissions compared to conventional service.

Review of Financial Performance

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).

Statement of Financial Position

LIEC's overall financial position improved by \$9,559,133 in 2023 with total assets of \$73,060,606 (2022-\$63,501,473). Total assets are comprised of current assets (cash, investments, and receivables) totaling \$19,319,821 (2022-\$17,756,420) and non-current assets (plant and equipment) of \$53,740,785 (2022-\$45,745,053).

LIEC's cash balance frequently fluctuates as a result of timing and magnitude of payments for related projects. During 2023, LIEC continued to keep more cash in secured term deposit investments in order to benefit from higher interest rates. Accounts receivables grew by approximately 114% is related to system growth and advanced payments from developers for future building connections. Collection is impacted by the fluid nature of construction schedules, construction progress and permitting issuance, all of which led to longer collection periods. LIEC is confident in the collectability of its receivables based on its historical track record of collection and procedures available to the company.

Plant and equipment consist primarily of the energy plants, energy generation equipment, distribution piping system, and energy transfer stations. Additions of \$9.45 million to assets, was driven by the need to meet new customer demand.

Utility company balance sheets are predominantly dominated by capital assets and debt due to the requirements to build out the infrastructure network. The developers' contributions and Project Agreement liabilities as primary sources of funding for the construction of new assets make up the majority of the liabilities.

LIEC's current liabilities of \$8,569,424 (2022-\$5,842,906) consists of outstanding invoices, payables, and the current portion of Project Agreement liability allocation due within 12 months. Higher amounts of annual payments are expected as a result of project growth.

The non-current liabilities increased by \$4,762,875 to \$27,393,282 (2022-\$22,630,407), mainly due to the increase in assets in the CCDEU area which in turn increased the deferred developers' contributions and Project Agreement liabilities.

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 2023, LIEC's shareholder equity was \$37,097,900 (2022-\$35,028,160).

Statement of Profit or Loss and Total Comprehensive Income

The metered billings reflect the full year energy sales based on the actual customers' energy usage and consumption. It comprises the total energy sales of ADEU and CCDEU service areas. Overall, the metered billings increased by \$962,468 to \$7,588,977 (2022-\$6,626,509) mainly due to new building connections. The 2023 revenue is in line with the Company's projections.

The cost of sales is the accumulated total expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and amortization expenses. The total contract expense increased by \$452,795 to \$1,603,226 (2022-\$1,150,431) due to the additional operations and maintenance work as a result of more buildings being serviced, including three on-site low carbon energy plants (LCEP). Utility expenses decreased by \$121,541 to \$1,815,943 (2022-\$1,937,484). The decrease is mainly due to the reduction in natural gas rates. The gross margin as a percentage of revenue is 43% for 2023 compared to 39% in 2022 mainly due to lower utility cost expenses incurred in 2023.

The general and administration expenses are expenditures that LIEC incurs to engage in business development activities and includes salaries and benefits, administration expenses, insurance and professional fees. Overall, general and administration expenses as a percentage of revenues is 25% for 2023 (2022-18%). This is due to the first full year of implementation of the CCDEU. As with the ADEU and OVDEU projects, the CCDEU initial years' general and administration expenses appear high in relation to the revenue received from customers. This is due to the initial project operation and administration setup costs necessary for the infrastructure expansion and operation for a project of this scale, as well as the costs required to administer low-interest financing from CIB. As more customers are connected to the utility, the general and administration expenses in relation to the revenue will decrease.

The contributions and financing expense section represents other sources of revenue and expenses for the business. The developer contributions are higher compared to 2022 mainly due to two new connections during the year. Other income is made up of energy model review fees. The energy modeling review fee revenues are lower than 2022 due to lower than projected building permit reviews. During the year, LIEC continued to repair, remediate and monitor the leak service area; all remediation costs had been accrued in prior years and there are no additional costs in 2023. The net finance income and cost is the net balance of year-to-date finance costs on project agreement liabilities, offset by interest income. Interest income has exceeded the full year finance cost for 2023, because LIEC has taken advantage of the higher interest rates by investing in short-term term deposits which have yielded much higher returns compared to 2022. This has resulted in a positive variance in the net financing costs comparison with prior years.

LIEC's earnings before interest, tax, and amortization (EBITA), used as a proxy to measure the company's financial performance, as a percentage of revenue decreased to 40% compared to 42% in 2022. This is due to the initial operation and administration setup costs necessary for the CCDEU project infrastructure expansion and operation. This is expected and was encountered in the past with the existing OVDEU and ADEU projects. As more customers are connected to the system, revenues and EBITA will increase. Overall, LIEC's revenues exceeded expenses resulting in a net income of \$2,069,740 (2022-\$1,380,620).

LIEC's financial sustainability and future growth must be taken into consideration when reviewing its EBITA and net income. 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 factors include the planning of future projects, which consists of research and development, and exploratory reviews of future technology and opportunities. The net income will be set aside in LIEC's equity 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, 2023 to December 31, 2023



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, 2023
- the statement of profit or loss and total 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 material 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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, the firm, is a limited liability partnership of the United States of America. KPMG LLP is not a member of independent member firm affiliated with the PwC network or any other organization. The PwC network provides services to KPMG LLP.



Lulu Island Energy Company Ltd.
Page 2

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.
Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
April 4, 2024

LULU ISLAND ENERGY COMPANY LTD.


Statement of Financial Position

December 31, 2023, with comparative information for 2022

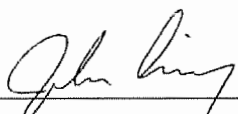
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,511,976	\$ 3,191,380
Accounts receivable (note 4)	4,792,892	2,240,807
Investments (note 5)	12,014,953	12,324,233
	<u>19,319,821</u>	<u>17,756,420</u>
Non-current assets:		
Plant and equipment (note 6)	53,740,785	45,745,053
Total assets	\$ 73,060,606	\$ 63,501,473
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 1,776,102	\$ 3,852,889
Current portion of deferred developer contributions (note 8(a))	668,131	471,964
Current portion of Project Agreement liability (note 9)	6,125,191	1,518,053
	<u>8,569,424</u>	<u>5,842,906</u>
Non-current liabilities:		
Government grants (note 8(b))	403,026	241,051
Post-employment benefits	72,800	-
Deferred developer contributions (note 8(a))	18,567,329	12,545,851
Project Agreement liability (note 9)	8,350,127	9,843,505
	<u>27,393,282</u>	<u>22,630,407</u>
Total liabilities	35,962,706	28,473,313
Shareholder's equity:		
Share capital and contributed surplus (note 10)	27,397,115	27,397,115
Retained earnings	9,700,785	7,631,045
	<u>37,097,900</u>	<u>35,028,160</u>
Commitments and contingencies (note 13)		
Total equity and liabilities	\$ 73,060,606	\$ 63,501,473

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 Profit or Loss and Total Comprehensive Income

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue (note 14)	\$ 8,570,463	\$ 7,608,009
Cost of sales:		
Operating expenses	3,419,169	3,087,915
Depreciation	1,455,216	1,540,099
	4,874,385	4,628,014
Gross profit	3,696,078	2,979,995
General and administrative expenses (note 11)	2,177,666	1,379,713
Profit before undernoted items	1,518,412	1,600,282
Developer contributions, other income (expenses) and net finance cost:		
Developer contributions (note 8(a))	475,410	397,695
Other income (note 15)	20,511	120,394
Other expenses (note 7)	-	(426,141)
Net finance income (expense) (note 12)	55,407	(311,610)
	551,328	(219,662)
Profit and total comprehensive income for the year	\$ 2,069,740	\$ 1,380,620

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, 2023, with comparative information for 2022

	Share capital (note 10)	Contributed surplus (note 10)	Retained earnings	Shareholder's equity
Balance, January 1, 2022	\$ 5	\$ 27,397,110	\$ 6,250,425	\$ 33,647,540
Profit and total comprehensive income	-	-	1,380,620	1,380,620
Balance, December 31, 2022	5	27,397,110	7,631,045	35,028,160
Profit and total comprehensive income	-	-	2,069,740	2,069,740
Balance, December 31, 2023	\$ 5	\$ 27,397,110	\$ 9,700,785	\$ 37,097,900

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

LULU ISLAND ENERGY COMPANY LTD.

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Cash flows provided by (used in) operating activities:		
Profit and total comprehensive income	\$ 2,069,740	\$ 1,380,620
Adjustments for:		
Depreciation	1,455,216	1,540,099
Recognition of deferred contributions	(475,410)	(397,695)
Finance expense	729,783	128,179
Finance expense on Concession Agreement liability	-	568,174
Write off of assets	-	81,179
Changes in non-cash operating working capital:		
Accounts receivable	(406,393)	(564,384)
Accounts payable and accrued liabilities	(2,003,987)	1,181,473
Net cash provided by operating activities	1,368,949	3,917,645
Cash flows provided by (used in) investing activities:		
Additions to plant and equipment	(2,050,178)	(1,305,119)
Deferred developer contributions	438,780	662,882
Cash receipts from sale of investments	12,324,233	4,047,518
Cash payments to acquire investments	(12,014,953)	(12,324,233)
Net cash used in investing activities	(1,302,118)	(8,918,952)
Cash flows provided by (used in) financing activities:		
Cash received from government grants	161,975	241,051
Project Agreement liability	(908,210)	(1,482,165)
Concession Agreement liability	-	(586,371)
Repayment of the non-capital portion of the Concession Agreement liability	-	(1,687,622)
Net cash used in financing activities	(746,235)	(3,515,107)
Decrease in cash and cash equivalents	(679,404)	(8,516,414)
Cash and cash equivalents, beginning of year	3,191,380	11,707,794
Cash and cash equivalents, end of year	\$ 2,511,976	\$ 3,191,380
Non-cash transactions:		
Additions to plant and equipment	\$ (7,400,770)	\$ (7,156,066)
Project Agreement liability	3,247,234	407,902
Concession Agreement liability	-	1,637,906
Developer contributions	6,254,275	4,999,090
Finance cost capitalized to plant and equipment	44,953	111,168
Accounts receivable	(2,145,692)	-

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

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements

Year ended December 31, 2023

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 IFRS Accounting Standards 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 4, 2024.

(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, 2023

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 8 - 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 note:

Note 3(a)(iii) and Note 6 - useful lives of plant and equipment.

3. Material accounting policies:

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

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, 2023

3. Material 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:

Effective, January 1, 2023, the Company revised the estimated useful lives of certain general equipment assets from 25-30 years to 20-40 years. The change was implemented to better reflect the rate of use of the general equipment. The impact of the change in the estimated useful lives has been accounted for prospectively as a change in accounting estimate. The change in the depreciation rate of general equipment resulted in a reduction to the depreciation expense of \$196,450.

Asset	Useful life - years
Energy plant center	75
Distribution piping	50
General equipment	20-40

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, 2023

3. Material 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 (note 9).

(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/receivable 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 (2022 – Project Agreement liability/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, 2023

3. Material 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, 2023

3. Material accounting policies (continued):

(i) Financial instruments (continued):

(j) 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(j)(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
Project 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, 2023 and 2022. Unless otherwise noted, the fair values of 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, 2023

3. Material accounting policies (continued):

(i) Financial instruments (continued):

(ii) Measurement categories (continued):

	2023	2022
Financial assets:		
Financial assets at amortized cost:		
Cash and cash equivalents	\$ 2,511,976	\$ 3,191,380
Accounts receivable	4,792,892	2,240,807
Investments	12,014,954	12,324,233
	\$ 19,319,822	\$ 17,756,420
Financial liabilities:		
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	\$ 1,848,902	\$ 3,852,889
Project Agreement liability	14,475,318	11,361,558
	\$ 16,324,260	\$ 15,214,447

(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, 2023

3. Material 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.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Material accounting policies (continued):

(l) Standards issued but not yet effective:

A number of new standards are effective for annual periods beginning after January 1, 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are effective for annual periods beginning after January 1, 2024 and are not expected to have a material impact on the financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lack of exchangeability (Amendments to IAS 21).

4. Accounts receivable:

	2023	2022
Trade receivables	\$ 2,371,845	\$ 194,213
Due from City of Richmond	165,059	152,937
Unbilled trade receivables	2,157,192	1,874,018
GST receivable	98,796	19,639
	\$ 4,792,892	\$ 2,240,807

5. Investments:

Investments represent term deposits as follows:

Purchase date	Maturity date	Interest rate	2023	2022
June 15, 2023	June 17, 2024	6.21%	\$ 3,707,485	-
June 15, 2023	June 17, 2024	5.65%	1,056,153	-
July 19, 2023	July 19, 2024	6.40%	4,357,453	-
November 8, 2023	November 8, 2024	6.21%	2,893,862	-
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
			\$ 12,014,953	\$ 12,324,233

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Plant and equipment:

	Energy plant center	General equipment	Distribution piping	Total
Cost:				
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
Transfer	-	667,176	(667,176)	-
Additions	-	6,337,288	3,113,661	9,450,949
Balance as at December 31, 2023	\$ 5,031,915	\$ 40,600,193	\$ 17,007,877	\$ 62,639,985
Accumulated depreciation:				
Balance as at December 31, 2021	335,460	4,683,132	892,351	5,910,943
Depreciation	67,092	1,207,563	265,445	1,540,100
Disposals	-	-	(7,059)	(7,059)
Balance as at December 31, 2022	402,552	5,890,695	1,150,737	7,443,984
Transfer	-	(6,723)	6,723	-
Depreciation	67,092	1,178,511	209,613	1,455,216
Balance as at December 31, 2023	\$ 469,644	\$ 7,062,483	\$ 1,367,073	\$ 8,899,200
Net book value:				
At January 1, 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
At December 31, 2023	4,562,271	33,537,710	15,640,804	53,740,785

Included in plant and equipment is \$5,173,479 (2022 - \$3,642,359) of assets under construction being \$2,982,685 (2022 - \$1,340,818) general equipment and \$2,190,794 (2022 - \$2,301,541) distribution piping. For the year ended December 31, 2023, capitalized borrowing costs related to the construction of the general equipment and distribution system in the year amounted to \$44,953 (2022 - \$111,168).

7. Accounts payable and accrued liabilities:

In 2020, the Company identified a distribution pipe leakage of heat transfer fluid at one of the Company's service areas. Following repair and remediation of the service area in earlier years, during the year ended December 31, 2023, the Company continued to monitor the service area and incur legal costs associated with the leak, and recognized expenses of \$nil (2022 - \$344,962) in other expenses. As of December 31, 2023, \$440,560 (2022 - \$716,403) is included in accounts payable and accrued liabilities pertaining to the accrued costs associated with the leak. Management believes the Company has adequately provided for the costs associated with leak and intends to seek compensation for costs incurred and accrued from the third parties involved.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Deferred developer contributions and Government grants:

(a) Deferred developer contributions:

The following table summarizes deferred developer contribution amounts recognized:

	2023	2022
Deferred developer contributions, beginning of year	\$ 13,017,815	\$ 7,753,538
Developer contributions receivable	2,145,692	-
Developer contributions received (net of refunds)	366,780	662,882
Developer contributions received (non-cash)	4,180,583	4,999,090
Recognized revenue from developer contributions	(475,410)	(397,695)
	19,235,460	13,017,815
Less: current portion of deferred developer contributions	668,131	471,964
Non-current deferred developer contributions	\$ 18,567,329	\$ 12,545,851

(b) Government grants:

In 2022, the Company was awarded a grant (the "Sewer Heat Recovery grant") from CleanBC Communities Fund. In 2023, the Company recognized \$403,026 (2022 - \$241,051) under the Sewer Heat Recovery grant. The relevant assets were under construction at December 31, 2023 and therefore the grant received is recognized under non-current liabilities.

9. 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.

The total estimated Project Agreement liability to finance the construction of the CCDEU project at full build out is estimated at \$513,485,496 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, 2023

9. 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 13.

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

(a) Project Agreement liability:

	2023	2022
Project Agreement liability – capital	\$ 13,968,958	\$11,277,500
Project Agreement liability – non-capital	506,360	84,058
	14,475,318	11,361,558
Less: Current portion of Project Agreement liability	(6,125,191)	(1,518,053)
Non-current portion of Project Agreement liability	\$ 8,350,127	\$ 9,843,505

The average finance cost on the project liability is 5.35% for the year ended December 31, 2023 (2022 – 6.7%).

The Project Agreement liability is repayable as follows:

2024	\$ 6,125,191
2025	1,195,385
2026	1,225,270
2027	1,255,902
2028 and thereafter	4,673,570
Total	\$ 14,475,318

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.

	2023	2022
Opening balance	\$ 11,361,558	\$ -
Transfer balance from Concession Agreement liability	-	10,966,470
Additions	3,247,234	1,637,906
Finance expense (note 12)	774,736	239,347
Net repayment	(908,210)	(1,482,165)
Ending balance	\$ 14,475,318	\$11,361,558

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

(b) Concession Agreement liability:

	2023	2022
Opening balance Concession Agreement liability	\$ -	\$ 12,264,387
Additions		407,902
Finance expense (note 11)	-	568,174
Repayment of the non-capital portion of the Concession Agreement liability	-	(1,687,622)
Net repayment	-	(586,371)
Transfer balance to Project Agreement liability	-	(10,966,470)
Ending balance Concession Agreement liability	\$ -	\$ -

10. Share capital:

At December 31, 2023, the authorized share capital comprised 10,000 (2022 - 10,000) common shares without par value.

As at December 31, 2023, the Company has issued 450 common shares (2022 - 450) at \$0.01 per share totaling \$4.50 (2022 - \$4.50) and held a contributed surplus of \$27,397,110 (2022 - \$27,397,110).

11. Personnel expenses:

The following expenses are included in general and administrative expenses:

	2023	2022
Wages and salaries	\$ 1,056,910	\$ 886,834
	\$ 1,056,910	\$ 886,834

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Net finance income (cost):

	2023	2022
Finance income:		
Investment interest	\$ 706,881	\$ 169,433
Bank interest	52,097	186,562
Other	26,212	28,748
	785,190	384,743
Finance cost:		
Finance expense on Project Agreement liability (note 9)	(774,736)	(239,347)
Finance expense on Concession Agreement liability (note 9)	-	(568,174)
Less: Finance cost capitalized to plant and equipment (note 6)	44,953	111,168
	(729,783)	(696,353)
Net finance income (cost)	\$ 55,407	\$ (311,610)

13. 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 from the provision of energy services. The information presented below shows the expected committed cash outflow for the next year under the Project Agreement for the capital and operating costs of the assets. As construction progresses the asset values are recorded as plant and equipment and the corresponding liabilities are recorded as project agreement liabilities as disclosed in note 9.

	Capital commitment	Operating commitment	Total commitment
2024	\$ 846,813	\$ 5,278,378	\$ 6,125,191

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Commitments and contingencies (continued):

(a) Project Agreement commitments (continued):

As at December 31, 2023, 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 \$877,869 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 7). 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 practicable at this time to measure the financial effect of any recovery of expenses from the other parties involved or the Company's insurer.

14. Revenue:

	2023	2022
Metered billings	\$ 7,588,977	\$ 6,626,509
Other revenue	981,486	981,500
	\$ 8,570,463	\$ 7,608,009

15. 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 2023, the Company received and recognized in revenue \$981,486 (2022 - \$981,500) 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 2023 is \$44,848 (2022 - \$30,830) for district energy utility services rendered by the Company to the City.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

15. Related party transactions (continued):

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

The Company also received and recognized energy model review fees into other income of \$20,511 (2022 - \$120,394) 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, 2023 is \$165,059 (2022 - \$152,937) 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 \$147,890 (2022 - \$282,498), 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.

16. Fair values:

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

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

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

(a) 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).

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

17. Financial risk management and financial instruments:

(a) Overview

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

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

(b) Risk management framework:

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

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

(c) Credit risk:

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

(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.

LULU ISLAND ENERGY COMPANY LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

(c) Credit risk (continued):

(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 risk.

(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 13.

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

	Carrying amount	Contractual cash flow	Less than 1 year	1 - 2 years	2 - 5 years
December 31, 2023	\$ 14,475,318	\$ 16,697,727	\$ 6,310,433	\$ 1,307,153	\$ 9,080,140
December 31, 2022	11,361,558	12,437,215	2,882,097	4,301,253	5,253,865

(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 9) 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, 2023

18. Capital management:

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

The Company considers the items included in shareholder's equity and the 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. 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.

19. Pension plan:

Lulu Island Energy Company Ltd. 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, 2023, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 Company paid \$105,804 (2022 - \$72,275) for employer contributions while employees contributed \$97,849 (2022 - \$66,762) to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

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: One Park, the newest connection in the City Centre service area.

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