

B.C. Pavilion Corporation
Financial Information Act Filing
Fiscal Year Ended March 31, 2018

B.C. Pavilion Corporation
Financial Information Act Filing
Fiscal Year Ended March 31, 2018
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B.C. Pavilion Corporation
2. Schedule of Guarantee and Indemnity Agreements
April 01, 2017 to March 31, 2018

| Name of Person / Company Indemnified | Risk Management Branch File No. | Date Issued |
|--|--|--------------------|
| Non-Union Employees of B.C. Pavilion Corporation | 93028 | September 1, 1992 |
| Unionized Employees of B.C. Pavilion Corporation | 970002 | June 1, 1994 |
| Vancouver Port Corporation | 970101 | July 21, 1997 |
| Her Majesty The Queen in Right of The Province of British Columbia represented by the Minister of Employment and Investment | 970169 | March 25, 1997 |
| The Canada Employment Insurance Commission | 70480 | December 20, 2006 |
| Toronto Dominion Bank | 80114 | May 25, 2007 |
| Central Heat Distribution Limited | 80624 | January 23, 2008 |
| Vancouver Fraser Port Authority and Imperial Parking Canada Corporation | 80718 | February 22, 2008 |
| Board of Directors, BC Pavilion Corporation | 80805 | March 31, 2008 |
| Canada Place Corporation | 90271 | June 16, 2008 |
| BC Hydro and Power Authority | 100132 | May 4, 2009 |
| PCI Convention Corporation | 100185 | May 15, 2009 |
| Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Finance | 100284 | June 5, 2009 |
| Vancouver Fraser Port Authority | 100520 | July 29, 2009 |
| Vancouver Harbour Flight Centre Limited Partnership | 100544 | August 5, 2009 |
| PCI Convention Corp | 100545 | August 5, 2009 |
| PCI Waterfront Leasing Corp | 101406 | March 24, 2010 |
| Her Majesty the Queen in Right of the Province of British Columbia represented by the Minister of Finance | 101419 | March 26, 2010 |
| Royal Bank of Canada | 110704 | August 19, 2010 |
| Amazon Web Services LLC | 110968 | October 14, 2010 |
| City of Vancouver | 121040 | November 22, 2011 |
| City of Vancouver | 120996 | November 30, 2011 |
| City of Vancouver | 121005 to 121017 | November 30, 2011 |
| Richmond Elevator Maintenance Limited | 131081 | November 9, 2012 |
| City of Vancouver | 20152056 | May 9, 2014 |
| City of Vancouver | 20152573 | August 15, 2014 |
| Toronto Dominion Bank | 20152671 | September 5, 2014 |
| City of Vancouver | 20152680 | September 8, 2014 |
| City of Vancouver | 20152965 | November 10, 2014 |
| B.C. Hydro | 20153072 | December 5, 2014 |
| FortisBC Energy Inc. | 20153073 | December 5, 2014 |
| City of Vancouver | 20152966 | December 15, 2014 |
| City of Vancouver | 20163951 | May 26, 2015 |
| City of Vancouver | 20163952 | May 26, 2015 |
| City of Vancouver | 20153643 | March 26, 2015 |
| City of Vancouver | 20163954 | May 26, 2015 |
| City of Vancouver | 20163955 | May 26, 2015 |
| City of Vancouver | 20163956 | May 26, 2015 |

B.C. Pavilion Corporation
3. Schedule of Remuneration and Expenses
April 01, 2017 to March 31, 2018

1. Elected Officials, Employees appointed by Cabinet and Member of the Board of Directors

| Name | Position | Remuneration | | Expenses | |
|---|----------------------------|---------------------|---------------|-----------------|--------------|
| Ballingall, Michael | Member, Board of Directors | \$ | 14,500 | \$ | 4,803 |
| Breining, Theresa | Member, Board of Directors | \$ | - | \$ | 2,939 |
| Dyble, John | Member, Board of Directors | | 10,810 | \$ | 394 |
| McLaughlin, Stuart | Member, Board of Directors | | - | \$ | 972 |
| Model, Elizabeth | Member, Board of Directors | | 10,847 | \$ | - |
| Mundi, Raghvir | Member, Board of Directors | | 10,097 | \$ | - |
| Palmer, Frank | Member, Board of Directors | | 11,500 | \$ | - |
| Rai, Jatinder | Member, Board of Directors | | 9,847 | \$ | - |
| Total: elected officials, employees appointed by Cabinet and members of the Board of Directors | | (A) | 67,601 | | 9,109 |

2. Other Employees

| Name | Position | Remuneration | | Expenses | |
|---------------------------|---|---------------------|---------|-----------------|--------|
| Barnes, Jeff | Client Services Manager | | 87,929 | | 402 |
| Blais, Daniel | Building Engineer | | 93,383 | | 309 |
| Bloomfield, Duncan | Marketing & Communications Manager | | 86,307 | | 3,771 |
| Caister, Bruce | Waste Water Treatment Plant Operator | | 92,662 | | 553 |
| Choi, Youngsoo | Journeyman Dual Ticketed | | 78,568 | | - |
| Cretney, Ken | President and CEO (Interim) | | 335,539 | | 54,244 |
| Din, Rehana | Chief Financial Officer | | 214,408 | | 6,407 |
| Dubetsky, Kostyantyn | Building Engineer | | 78,696 | | 35 |
| Franklin, Brent | Electrical Services Manager | | 89,151 | | 1,298 |
| Gamble, Colleen | Duty Manager | | 78,902 | | 1,300 |
| Garcia, Jose | Manager on Duty | | 80,244 | | - |
| Giesse, Renee | Event Manager | | 75,723 | | 61 |
| Gorkowa, Eugenia | Event Manager | | 77,705 | | 1,134 |
| Gowe, Chris | Director of Sales | | 76,060 | | 9,387 |
| Grecia, Kimberly | Marketing Manager | | 80,928 | | 1,764 |
| Griffin, Brian | Facilities Operations Director | | 143,126 | | 6,782 |
| Grootendorst, Christopher | Facility Operations Manager | | 92,160 | | 3,181 |
| Higgs, Miranda | Event Production Services Manager | | 75,617 | | 1,061 |
| Hill, Gerald | PT Trades Supervisor | | 87,931 | | - |
| Hill, Jeffrey | Sales Manager | | 76,717 | | 8,456 |
| Hui, Herman | Dual Ticketed Crew Lead | | 100,614 | | - |
| Johnson, Stephanie | Sales Manager | | 87,840 | | 27,585 |
| Knight, Alikie | Senior Manager | | 90,833 | | 5,388 |
| Koch, Amy | Sales Manager | | 85,571 | | 22,143 |
| Kusch, Cameron | Event Sales & Corporate Sponsorship Manager | | 77,012 | | 4,843 |
| Ledingham, Clark | General Counsel | | 153,650 | | - |
| Lee, Christine | Event Manager | | 75,423 | | 52 |
| Lee, Dan | Infrastructure and Capital Projects Directors | | 129,981 | | 26,083 |
| Lehto, Craig | General Manager | | 198,144 | | 28,035 |
| Liddell, Nicole | VP People | | 95,168 | | 4,979 |
| Macdonald, Callinda | Director of Human Resources | | 111,498 | | 12,067 |
| MacDonald, David | Dual Ticketed Crew Lead | | 106,198 | | - |
| Mccabe, David | Manager, Facility Operations & Maintenance | | 85,430 | | 1,066 |
| Mclean, Mike | Housekeeping Supervisor | | 75,956 | | 200 |
| Medlicott, Stefan | Conversions Supervisor | | 87,452 | | - |
| Melo, Brian | Chief Engineer | | 79,398 | | 1,626 |
| Menzies, Lynn | Assistant Director, Sales | | 94,279 | | 9,985 |
| Minhas, Sarbjit | Facilities Services Manager | | 75,524 | | 1,743 |
| Moore, Kathleen | Sales Manager | | 79,741 | | - |

| Name | Position | Remuneration | Expenses |
|---|--|--------------------------|-------------------|
| Muglich, Gary | Electrician | 77,293 | 535 |
| Munster, Anthony | Facilities Operations Assistant Director | 99,090 | 2,326 |
| Nadem, Tamim | Single Ticketed Crew Lead | 96,433 | - |
| Neufeld, Dan | Journeyperson Single Ticket | 75,789 | - |
| Nykolaichuk, Mark | Safety and Security Manager | 81,371 | 5,043 |
| Patel, Rubina | Event Manager | 75,974 | - |
| Radziminski, Adam | Event Director | 96,425 | 6,228 |
| Ramsay, Graham | Senior Director | 154,632 | 19,741 |
| Reid, Diana | Sales Manager | 87,841 | 42,103 |
| Richard, Joseph | Senior Event Services Manager | 88,952 | 472 |
| Sakiani, Milad | Information Technology Director | 126,562 | 2,009 |
| Sam, Lorraine | Event Manager | 75,342 | 419 |
| Smith, Claire | VP Sales & Marketing | 191,286 | 66,696 |
| Smith, Jillian | Sales Manager, International | 91,176 | 20,480 |
| Smith, Wayne | Director of HR and Labour Relations | 134,092 | 2,786 |
| Sodhi-Cavezza, Beauty | Event Sales Assistant Director | 91,672 | 4,826 |
| Tyndall, Carol-Anne | Business Controls Manager | 94,599 | - |
| Wu, Jinny | Communications Manager | 90,332 | 1,589 |
| Yu, Hong | Electrician | 87,879 | - |
| Total: employees with remuneration of \$75,000 or more | | 5,908,204 | 421,195 |
| Total, other employees with remuneration of \$75,000 or less | | 9,511,368 | 88,890 |
| Total Employees | | (B) \$ 15,419,572 | \$ 510,085 |

3. Reconciliation

| | | | |
|--|-----|-----------------------------|---|
| Elected Officials, Employees appointed by Cabinet and Member of the Board of Directors | (A) | 67,601 | x |
| Employees total remuneration | (B) | <u>15,419,572</u> | x |
| Total Remuneration | | \$ 15,487,173 | |
| Reconciling items consist of severance, employer paid benefits offset wages allocated to events as event direct costs and others | | <u>3,062,554</u> | |
| Total per Note 14 of audited financial statements - Salaries, wages and benefits | | <u>\$ 18,549,727</u> | |

B.C. Pavilion Corporation

4. Statement of Severance Agreements

April 01, 2017 to March 31, 2018

There were two severance agreements under which payment commenced between B.C. Pavilion Corporation and its non-unionized employees during fiscal year 2017/18.

These agreements included between one-half month to 14 months of compensation.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(7)

B.C. Pavilion Corporation
5. Schedule of Payments made for the Provision of Goods and Services
April 01, 2017 to March 31, 2018

1 Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

| | | |
|--|----|-----------|
| Access Metal Products Ltd | \$ | 41,515 |
| Acrodex Inc. | | 57,987 |
| Advanced Broadcast Cabling | | 39,233 |
| All West Facility Services | | 40,401 |
| AlSCO | | 26,448 |
| Anti-Slip Anywhere | | 29,720 |
| Applied Electronics Limited | | 41,060 |
| Bartle & Gibson Co. Ltd | | 55,846 |
| BBW International Inc. | | 59,058 |
| BC Hydro | | 3,346,330 |
| Bell Canada | | 2,826,867 |
| Bennett Jones LLP | | 211,673 |
| Best Service Pros Ltd. | | 3,110,537 |
| Black & McDonald Limited | | 82,404 |
| Boydco | | 38,325 |
| Brent Macgregor P Eng | | 129,478 |
| Building Energy Solutions Ltd | | 33,953 |
| Cactus Cafe Coal Harbour Ltd | | 39,471 |
| Canada Place Corporation | | 4,530,608 |
| Canadian Special Crops Association | | 31,480 |
| Caorda Web Solutions | | 28,447 |
| Capital City Purchasing Services Inc. | | 51,184 |
| Carma Industries Inc. | | 77,590 |
| Cascadia Design Products | | 25,079 |
| CDW Canada Inc. | | 54,644 |
| Ceridian Canada Ltd. | | 139,585 |
| Charter Telecom Inc | | 83,586 |
| City Of Vancouver | | 1,319,509 |
| Combined Systems Inc. | | 110,995 |
| Commercial Lighting Products Ltd. | | 67,111 |
| Contemporary Services Canada, Ulc | | 56,700 |
| Core Mechanical | | 94,248 |
| Corus Sales Inc. | | 55,913 |
| Creative Energy Vancouver Platforms Inc. | | 736,056 |
| Daikin Applied Canada, Inc. | | 29,997 |
| DDB Canada | | 51,484 |
| Dependable Door Maintenance Ltd. | | 40,264 |
| Eaton Industries (Canada) Company | | 73,755 |
| Echo Glazing Sb | | 40,982 |
| Eco Chemical Inc | | 41,060 |
| EECOL Electric Corp. | | 596,195 |
| Electronic Arts [Canada] Inc. | | 26,111 |
| Elite Door Services Inc. | | 49,321 |
| Entity Mechanical Ltd. | | 348,705 |
| Ernst & Young LLP | | 28,847 |
| ESC Automation Inc | | 528,804 |
| Eventcorp Services Inc | | 28,875 |
| Florian Weller GmbH | | 175,427 |
| Fortis BC - Natural Gas | | 156,036 |
| Fraser Burrard Diving Ltd. | | 29,871 |
| Freeman Audio Visual | | 4,454,112 |
| GBS Construction Managers Inc. | | 30,081 |
| Genesis Integration Inc. | | 58,370 |
| Genesis Security BC Group Ltd. | | 3,447,241 |
| Go Wireless Inc. | | 88,049 |
| Gord Millar | | 253,816 |
| Grand & Toy Limited | | 143,035 |
| Gregg Distributors (BC) Ltd | | 25,132 |
| Guillevin International | | 209,595 |
| Happy Stan'S Recycling Services Ltd. | | 467,312 |
| Harris & Company LLP | | 253,959 |
| HCMA Architecture + Design | | 87,035 |
| Heritage Office Furnishings | | 76,344 |
| Homewood Health Inc. | | 26,498 |
| Houle Electric Limited | | 263,281 |
| Humulus Consulting Corp. | | 242,288 |
| Imperial Parking Canada Corporation | | 100,340 |

1 Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

| | |
|--|------------|
| Ino-Tek Electric Ltd. | 45,426 |
| Island Key Computer Ltd | 128,844 |
| Jardine Lloyd Thompson Canada Inc. | 1,914,174 |
| Johnson Controls | 92,627 |
| Keynote Consulting Ltd. | 93,361 |
| Kirei Cleaning & Building Maintenance Ltd. | 93,506 |
| Kone Inc. | 666,406 |
| Konica Minolta Business Solutions (Canada) Ltd. | 37,958 |
| Lamp Express Usa, Inc. | 38,587 |
| Laura Ballance Media Group | 38,999 |
| Lavi Industries | 89,577 |
| Letter B Productions | 35,272 |
| Levy Show Service Inc | 26,407 |
| Lex Products Corp. | 97,912 |
| Lmdg Building Code Consultants Ltd | 44,558 |
| Lowry Sales (B.C.) Ltd | 66,454 |
| Luma Tech Solutions Canada Ltd | 44,842 |
| Lumenpulse Inc | 144,900 |
| Lykki A Costless Express Ltd Company | 25,498 |
| Mark'S Commercial | 27,795 |
| MCW Consultants Ltd. | 54,695 |
| Mediateam | 108,292 |
| Metagnosis Consulting Inc. | 39,722 |
| Michael Nathanson | 54,584 |
| Microsoft Licensing, GP | 138,316 |
| Minister of Finance | 1,208,743 |
| Modu-Loc Fence Rentals Ltd | 84,911 |
| Mott Electric GP | 53,136 |
| Musqueam Indian Band | 2,840,000 |
| Northern Building Supply Ltd | 44,623 |
| Norton Rose Fulbright Canada LLP | 52,947 |
| Ono Trading Co. Ltd | 29,373 |
| Orbis World Globes | 38,536 |
| Pace Group Communications | 300,339 |
| Pacific Air Filter | 64,643 |
| Pacific Door Closer Service | 47,836 |
| Panther Creative Inc. | 104,665 |
| PBX Engineering Ltd. | 89,040 |
| PCL Constructors Westcoast Inc | 270,900 |
| PFM Executive Search | 49,427 |
| Pigeon Patrol | 32,675 |
| Preston Phipps Inc. | 25,926 |
| Pricewaterhouse Coopers LLP | 170,854 |
| Prism Engineering | 76,286 |
| Procom Consultants Group Ltd. | 121,599 |
| Pro-Con Electrical Testing Ltd. | 32,790 |
| Production Power Corp | 35,654 |
| Public Service Pension Plan | 1,505,477 |
| Razor Manufacturing Ltd. | 57,784 |
| Receiver General | 674,388 |
| Refrigerative Supply Limited | 35,667 |
| Richmond Elevator Maintenance Ltd. | 40,493 |
| Riggitt Services, Inc. | 2,221,491 |
| Robert Half Finance & Accounting | 142,714 |
| Rockdoc Consulting Inc. | 56,497 |
| Sasco Contractors Ltd. | 27,534 |
| Scandinavian Building Services Ltd. | 702,946 |
| Scheier Mobile Service Ltd. | 67,253 |
| Secure Networking Solutions Group | 207,165 |
| Sentis Market Research Inc. | 29,663 |
| Servomation Incorporated | 21,739,228 |
| SHK Law Corporation, In Trust | 57,867 |
| Siemens Canada Limited | 224,345 |
| Society of Research Administrators International [SRA] | 85,807 |
| Sport BC | 82,840 |
| Stantec Architecture Ltd. | 223,322 |
| Steele Electric (2001) Ltd | 152,632 |
| Stephen Goetz | 39,690 |
| Sterling Fence Co. Ltd. | 59,168 |
| Sun Life Assurance Company Of Canada | 971,915 |
| Super Save Enterprises Ltd. | 44,865 |
| Suspended Stages Inc. | 31,380 |
| Telus Communications | 594,193 |
| The Personnel Department Ltd. | 47,451 |
| Threesixtythree Inc. | 31,376 |

1 Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

| | |
|--|---------|
| Tourism Vancouver | 52,385 |
| Troy Life & Fire Safety Ltd. | 88,908 |
| Uline Inc | 62,740 |
| Ungerboeck Systems International | 258,373 |
| Valley Traffic Systems | 92,146 |
| Verein zur Durchführung Neurowissenschaftlicher Tagungen e.V | 54,774 |
| Via Displays Graphics Ltd. | 51,424 |
| Walker Environmental Group Inc. | 28,129 |
| Warrington PCI ITF Convention Centre | 78,756 |
| Waste Connections Of Canada Inc. | 65,833 |
| Western K9 Security Services Inc. | 27,678 |
| Western Pacific Enterprises Ltd. | 41,923 |
| Westminster Lift Truck & Services Ltd | 42,829 |
| Westpark | 131,885 |
| White Star Property Services Ltd. | 80,304 |
| Wildkat Consulting | 30,324 |
| Williams Machinery LP | 108,743 |
| Worksafe BC | 273,848 |
| WSP Canada Inc. | 139,301 |

Total aggregate amounts paid to suppliers (A) **71,934,328**

2 Consolidated total paid to suppliers

who received aggregate payments of \$25,000 or less (B) **3,348,912**

3 Total of payments to suppliers for grants and contributions greater than \$25,000

| | |
|--|---|
| Consolidated total of grants exceeding \$25,000 | - |
| Consolidated total of contributions exceeding \$25,000 | - |

Consolidated total of all grants and contributions exceeding \$25,000 -

4 Reconciliation

| | | |
|---|-----|------------|
| Total of aggregate payments exceeding \$25,000 paid to suppliers | (A) | 71,934,328 |
| Consolidated total of payments of \$25,000 or less paid to suppliers | (B) | 3,348,912 |
| Consolidated total of all grants and contributions exceeding \$25,000 | (C) | - |

Total Aggregate Payments Made to Suppliers **75,283,240**

Reconciling Items*

Add:

| | |
|---------------------|------------|
| Other Expense items | |
| Debt service | 4,668,977 |
| Amortization | 41,889,439 |
| Employee expenses | 519,194 |

Less:

| | |
|--|-------------|
| Amounts paid to vendors on capital assets and work-in-progress | (9,585,073) |
| Change in accrued liabilities, GST on purchases and others | 1,498,223 |

38,990,760

Total Aggregate Payments Made to Suppliers plus Reconciling Items **\$ 114,274,000**

| | |
|--------------------------------------|--------------|
| Expenses per Statement of Operations | 132,823,727 |
| Less: Wages, salaries and benefits | (18,549,727) |

\$ 114,274,000

B.C. Pavilion Corporation
Statement of Financial Information

The undersigned represents the Board of Directors of B.C. Pavilion Corporation and approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.

Signature: 

Name: Ian Aikenhead, Q.C.

Title: Board Chair

Date: September 26, 2018

BC Pavilion Corporation

Financial Statements

Fiscal Year Ending March 31, 2018

B.C. Pavilion Corporation
Statement of Financial Position
(in \$000s)

| | <i>Note</i> | March 31 2018 | March 31 2017 |
|--|-------------|------------------|------------------|
| Financial Assets | | | |
| Cash and cash equivalents | 4 | 25,207 | 29,937 |
| Accounts receivable | 5 | 11,033 | 12,511 |
| Due from governments | 6 | 9,652 | 8,033 |
| | | 45,892 | 50,481 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 7 | 19,158 | 18,099 |
| Due to governments | 6 | 9,372 | 9,417 |
| Employee leave liability | | 1,060 | 901 |
| Deferred revenue | 8 | 39,175 | 38,372 |
| Deferred capital contributions – government | 9 | 883,836 | 909,333 |
| Deferred capital contributions – other | 10 | 9,828 | 11,411 |
| Long term debt | 11 | 140,448 | 143,090 |
| | | 1,102,877 | 1,130,623 |
| Net financial debt | | (1,056,985) | (1,080,142) |
| Non-financial assets | | | |
| Tangible capital assets | 12,18 | 1,109,357 | 1,141,687 |
| Inventories held for use | | 124 | 124 |
| Prepaid expenses | | 1,059 | 1,246 |
| | | 1,110,540 | 1,143,057 |
| Accumulated surplus | | 53,555 | 62,915 |
| Contingencies and contractual obligations | 13 | | |

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

B.C. Pavilion Corporation
Statement of Operations and Change in Accumulated Surplus
(in \$000s)

| | Note | March 31, 2018 | | March 31, 2017 |
|---|-------------|-----------------------|----------------|-----------------------|
| | | Budget | Actual | Actual |
| | | <i>(Note 17)</i> | | |
| Revenues | 20 | | | |
| Event revenues | | 58,744 | 68,725 | 66,298 |
| Lease revenues | | 4,967 | 5,305 | 3,721 |
| Miscellaneous revenues | | 2,953 | 3,201 | 3,451 |
| Operating contributions – government | | 9,744 | 9,199 | 9,099 |
| Operating contributions – other | | 1,500 | 1,500 | - |
| Amortization of deferred capital contributions – government | | 34,840 | 33,530 | 34,621 |
| Amortization of deferred capital contributions – other | | 1,580 | 1,598 | 1,589 |
| Interest revenue | | 21 | 406 | 165 |
| | | <u>114,349</u> | <u>123,464</u> | <u>118,944</u> |
| Expenses | 14,15,20 | | | |
| BC Place Stadium | | 58,765 | 61,994 | 50,256 |
| Vancouver Convention Centre | | 70,157 | 70,830 | 72,686 |
| | | <u>128,922</u> | <u>132,824</u> | <u>122,942</u> |
| Annual operating deficit | | <u>(14,573)</u> | <u>(9,360)</u> | <u>(3,998)</u> |
| Accumulated surplus, beginning of year | | 66,915 | 62,915 | 66,913 |
| Accumulated surplus, end of year | | <u>48,342</u> | <u>53,555</u> | <u>62,915</u> |

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

B.C. Pavilion Corporation
Statement of Change in Net Debt
(in \$000s)

| | March 31, 2018 | | March 31, 2017 |
|---|------------------|-------------|----------------|
| | Budget | Actual | Actual |
| | <i>(Note 17)</i> | | |
| Annual operating deficit | (14,573) | (9,360) | (3,998) |
| Acquisition of tangible capital assets | (11,124) | (9,585) | (8,196) |
| Amortization of tangible capital assets | 43,316 | 41,889 | 42,947 |
| Loss on disposal of asset | - | 26 | 238 |
| | 17,619 | 22,970 | 30,991 |
| Acquisition of prepaid expense | - | (6,426) | (3,638) |
| Use of prepaid expense | - | 6,613 | 2,897 |
| | - | 187 | (741) |
| Acquisition of inventory for use | - | (179) | (126) |
| Use of inventory | - | 179 | 116 |
| | - | - | (10) |
| Decrease in net financial debt | 17,619 | 23,157 | 30,240 |
| Net debt – beginning of year | | (1,080,142) | (1,110,382) |
| Net debt – end of year | | (1,056,985) | (1,080,142) |

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

B.C. Pavilion Corporation
Statement of Cash Flows
(in \$000s)

| | <u>March 31</u> <u>2018</u> | <u>March 31</u> <u>2017</u> |
|---|--------------------------------|--------------------------------|
| Operating Transactions | | |
| Deficit for the year | (9,360) | (3,998) |
| Changes in Non-cash Items Included in Surplus (Deficit): | | |
| Amortization of tangible capital assets | 41,889 | 42,947 |
| Amortization of operating contributions – other | (1,500) | - |
| Amortization of deferred contributions – government | (33,530) | (34,621) |
| Amortization of deferred contributions – other | (1,598) | (1,589) |
| Loss on disposal of asset | 26 | 238 |
| Changes in Non-Cash Working Capital Items: | | |
| Accounts receivable | 1,478 | 21,773 |
| Due from governments | (1,619) | (1,069) |
| Due to governments | (45) | (39) |
| Accounts payable and accrued liabilities | 1,059 | 1,342 |
| Employee leave liability | 159 | 37 |
| Deferred revenue | 803 | (4,909) |
| Inventories held for use | - | (10) |
| Prepaid expenses | 187 | (741) |
| <i>Cash provided by or (used in) operating transactions</i> | <u>(2,051)</u> | <u>19,361</u> |
| Capital Transactions | | |
| Purchase of tangible capital assets | (9,585) | (8,196) |
| <i>Cash used in capital transactions</i> | <u>(9,585)</u> | <u>(8,196)</u> |
| Financing Transactions | | |
| Deferred contributions – government | 9,533 | 1,677 |
| Deferred contributions – other | 15 | - |
| Long-term debt | (2,642) | (2,558) |
| <i>Cash provided by or (used in) financing transactions</i> | <u>6,906</u> | <u>(881)</u> |
| (Decrease) / increase in cash and cash equivalents | (4,730) | 10,284 |
| Cash and cash equivalents – beginning of year | <u>29,937</u> | <u>19,653</u> |
| Cash and cash equivalents – end of year | <u>25,207</u> | <u>29,937</u> |
| Cash and cash equivalents are made up of: | | |
| Cash | 22,447 | 27,177 |
| Cash equivalents | 2,760 | 2,760 |
| | <u>25,207</u> | <u>29,937</u> |

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

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

1. Authority and Nature of Operations

B.C. Pavilion Corporation (PavCo or the Corporation) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. (VCCEP). PavCo is wholly owned by the Province of British Columbia, and reports to the Legislative Assembly through the Minister of Tourism, Arts and Culture. As a provincial crown agency, PavCo is subject to legislative regulations in government reporting Acts which include the *Budget Transparency and Accountability Act* and the *Financial Administration Act*.

PavCo's mandate is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. PavCo achieves this by developing, marketing and operating iconic world class public convention, sports and entertainment facilities. The Corporation owns and operates BC Place Stadium and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia which requires that financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as set out in Note 19. Significant accounting policies used in the preparation of these financial statements are:

Financial assets

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Accounts and loans receivable are recorded at cost less the amount of any valuation allowance (bad debt allowance). Valuation allowances are made when collection is in doubt. Changes in valuation allowances are recognized as expenses in the period when the valuation change is made. Interest is only accrued on receivables when collection is reasonably assured.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Asset costs (excluding land), less any residual value, are amortized over their estimated useful lives to PavCo as follows:

| | |
|------------------------------------|--|
| Building and improvements | 10 to 50 years, straight-line |
| Leasehold improvements | over the shorter of the estimated useful life of the improvement or the term of the lease, straight-line |
| Equipment and other capital assets | 1 to 10 years, straight-line |
| Furniture | 3 to 20 years, straight-line |
| Vehicles | 30% per annum, declining balance |
| Computer hardware and software | 3 to 5 years, straight-line |

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

Assets under construction are recorded at cost and include direct costs during development and construction, indirect costs that are directly attributable to the construction or development activity and other carrying costs. When construction is substantially complete or the asset is ready for use, it is subsequently amortized over its estimated useful life.

In the year of asset acquisition, amortization will be recorded at 50% of the normal annual rate, calculated for the asset as per above. In the final year or the year of disposition, amortization will be charged at 50% of the annual rate.

Contributed tangible capital assets are recorded at fair value as of the date of contribution. When fair value of a contributed asset cannot be determined by market or appraisal estimates, the asset is recorded at nominal value.

PavCo reviews the value of its tangible capital assets that are in active service for impairment based on their service potential. Assets are written down when conditions indicate that they no longer contribute to PavCo's ability to provide goods and services.

PavCo does not report the cost of its artwork and theming program in the statement of financial position as artwork is not recognized under PSAS. All costs associated with developing, constructing, acquiring, installing and securing these assets are expensed when incurred.

Inventories

Inventories consist of minor consumable supplies held for use in the course of operations at PavCo's facilities and are recognized at historical cost.

Prepaid expenses

Prepaid expenses include cash disbursements for facility insurance and future event and operational costs, which will be charged to expense over the periods expected to benefit from it.

Revenue recognition

Revenues from events held at PavCo's facilities are recognized upon completion of the events. Amounts received in advance of event completion are recorded as deferred revenue. Non-event related revenues are recognized on an accrual basis and in the period in which the transactions or events that gave rise to the revenues occurred.

Revenues received in advance from lease and business alliance agreements, and expenses incurred to generate them, are deferred and amortized on a straight line basis over the term specified in the agreements.

Revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is recognized at fair market value. Unearned revenue is deferred and amortized over the term of the services contract.

Operating contributions are recognized as income in the period for which they are contributed. Funding received for other specific purposes is treated as deferred contributions and recognized in the period that the stipulation or restriction is met.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

Capital contributions

The value of contributed depreciable tangible capital assets or funding received from government or other external sources for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred capital contributions. These contributions are amortized to revenue in the period during which the assets are used to provide services, at the same amortization rate as the related tangible capital assets. If the net book value of a depreciable tangible capital asset funded by a deferred capital contribution is reduced for any reason other than amortization, the proportionate share of the deferred contribution is recognized to revenue during the same period.

This accounting treatment is not consistent with the requirements of Canadian PSAS which require that government transfers or externally restricted contributions be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer or externally restricted contribution contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

Funding received for the acquisition of land or a transfer in the form of land, is recognized as revenue in the same period that the asset is acquired.

Expenses

The cost of all goods consumed and services received during the fiscal year, not related to assets, is expensed. Expenses are reported on an accrual basis. Direct costs from events held at the facilities are recognized upon completion of the events. Amounts incurred in advance of event completion are recorded as prepaid expense. Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

Financial Instruments - recognition and measurement

PavCo's financial instruments consist of cash and cash equivalents, accounts receivable, due from governments, accounts payable and accrued liabilities, due to governments and long term debt. All financial instruments are carried at cost or amortized cost in the financial statements. All financial assets are assessed annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Employee pension plan

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. Defined contribution plan accounting is applied because sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable (note 14).

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2018 (tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

New accounting standards adopted

Effective April 1, 2017, PavCo adopted the following new accounting standards:

- (i) PS 2200, *Related Party Disclosures*. PS 2200 defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when the transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and the transactions have, or could have, a material financial effect on the financial statements.
- (ii) PS 3420, *Inter-entity Transactions*. PS 3420 establishes standards of how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and a recipient perspective. Requirements of this standard are considered in conjunction with requirements of PS 2200.
- (iii) PS 3210, *Assets*. PS 3210 provides guidance for applying the definition of assets set out in PS 1000, *Financial Statement Concepts*, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, a disclosure should be provided.
- (iv) PS 3320, *Contingent Assets*. PS 3320 defines and establishes disclosure standards for contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely.
- (v) PSAB issued PS 3380, *Contractual Rights*. PS 3380 defines and establishes disclosure standards for contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Disclosure of information about contractual rights is required including description of their nature and extent, and the timing.

There was no impact to the financial statements upon transition to these standards.

3. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, and the disclosed amounts of contingent assets and liabilities at the reporting date as well as the reported amounts of revenues and expenses during the reporting period. Uncertainty in the determination of these amounts is known as measurement uncertainty.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates. Estimates included in these financial statements are accrued liabilities, collectability of accounts receivable and estimated useful life of tangible capital assets.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

4. Cash and Cash Equivalents

| | March 31 2018 | March 31 2017 |
|---|--------------------------|--------------------------|
| Unrestricted cash | 21,945 | 26,656 |
| Restricted cash | 2,760 | 2,760 |
| Investment in Convention Development Fund | 502 | 521 |
| | <u>25,207</u> | <u>29,937</u> |

Restricted cash consists of a refundable deposit to secure a letter of credit that PavCo issued on behalf of the depositor. A liability for the amount of the deposit is recorded in accounts payable and accrued liabilities. A portion of the deposit was refunded in fiscal 2018, with the balance expected to be refunded in fiscal 2019.

5. Accounts Receivable

| | March 31 2018 | March 31 2017 |
|---------------------------------------|--------------------------|--------------------------|
| Trade | 11,121 | 12,509 |
| Other receivables | 83 | 185 |
| | <u>11,204</u> | <u>12,694</u> |
| Less: provision for doubtful accounts | <u>(171)</u> | <u>(183)</u> |
| | <u>11,033</u> | <u>12,511</u> |

6. Due to and from Governments

| | March 31 2018 | March 31 2017 |
|--------------------------------|--------------------------|--------------------------|
| Due from federal government | 119 | 102 |
| Due from provincial government | 9,533 | 7,931 |
| | <u>9,652</u> | <u>8,033</u> |
| Due to provincial government | <u>9,372</u> | <u>9,417</u> |

Due from provincial government consists of contributions for tangible capital assets purchased in this fiscal year.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

7. Accounts Payable and Accrued Liabilities

| | March 31 2018 | March 31 2017 |
|--|------------------|------------------|
| Trade accounts payable and accrued liabilities | 16,795 | 15,329 |
| Accrued interest on long-term debt | 2,312 | 2,356 |
| Builder's lien and other holdbacks | 51 | 414 |
| | 19,158 | 18,099 |

8. Deferred Revenue

| | March 31 2018 | March 31 2017 |
|-------------------------------------|------------------|------------------|
| Unearned lease revenues | 27,931 | 28,991 |
| Unearned event revenue and deposits | 11,244 | 9,381 |
| | 39,175 | 38,372 |

Unearned lease revenue represents funds received in advance from lease and business alliance agreements, and are recognized in accordance to the terms specified in those agreements. The terms of the business alliance agreements range from 10 years to 50 years.

Event revenues and deposits are receipts in advance of scheduled event dates and are deferred until completion of the event.

9. Deferred Contributions – Government

Government contributions are funding transfers which contain eligibility criteria and legislative or contractual stipulations with respect to their use. PavCo has received funding for asset acquisition and capital construction projects at PavCo's facilities as follows:

| | Balance April 1 2017 | Contributions during year | Transferred to revenue | Balance March 31 2018 |
|--|----------------------------|------------------------------|---------------------------|-----------------------------|
| Government of Canada - Capital | 188,179 | - | (4,556) | 183,623 |
| Province of British Columbia – Capital | 719,654 | 9,533 | (28,974) | 700,213 |
| Province of British Columbia – Operating | 1,500 | - | (1,500) | - |
| | 909,333 | 9,533 | (35,030) | 883,836 |

| | Balance April 1 2016 | Contributions during year | Transferred to revenue | Balance March 31 2017 |
|--|----------------------------|------------------------------|---------------------------|-----------------------------|
| Government of Canada | 192,735 | - | (4,556) | 188,179 |
| Province of British Columbia – Capital | 741,078 | 8,641 | (30,065) | 719,654 |
| Province of British Columbia – Operating | 1,500 | - | - | 1,500 |
| | 935,313 | 8,641 | (34,621) | 909,333 |

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

9. Deferred Contributions – Government (cont.)

Contributions from the Government of Canada is federal funding for the construction of the Vancouver Convention Centre's west facility and the connector between the east and west facility. The funding for the Vancouver Convention Centre's west facility includes the construction of the waste water treatment facility. Contributions from the Province of British Columbia are for tangible capital assets.

Government contributions for capital are amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. Other government contributions are recognized when their legislative or contractual stipulations are met.

10. Deferred Capital Contributions – Other

| | Balance April 1 2017 | Receipts during year | Transferred to revenue | Balance March 31 2018 |
|---------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| Other contributions | 11,411 | 15 | (1,598) | 9,828 |

| | Balance April 1 2016 | Receipts during year | Transferred to revenue | Balance March 31 2017 |
|---------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| Other contributions | 13,000 | - | (1,589) | 11,411 |

Other deferred contributions include contributions, defined by their contractual stipulations, from non-related parties to fund major improvements to or for the acquisition of capital assets. Included in other deferred contributions are value-in-kind contributions of tangible capital assets.

11. Long-term Debt

| | March 31 2018 | March 31 2017 |
|------------------------------|------------------|------------------|
| Province of British Columbia | 140,448 | 143,090 |

In fiscal 2010, PavCo entered into a long-term loan agreement with the Province of British Columbia to provide financing for the revitalization upgrade at BC Place Stadium. PavCo received the balance of the loan in fiscal 2011. The loan is secured by the assets of BC Place Stadium and the Vancouver Convention Centre.

Under the terms of the loan agreement, the repayable loan was non-interest bearing during the construction and start-up period. Commencing April 2, 2013, PavCo began repaying the loan by providing semi-annual blended payments of principal and interest. For fiscal year 2018, \$2.64 million was repaid on the loan with \$4.64 million paid in interest.

The parties negotiated a reduced interest rate from 4.89% to 3.29% effective November 1, 2015 until fiscal 2049. The current repayment schedule reflects loan payments by PavCo of \$7.3 million for fiscal years 2018 through 2048 and \$3.7 million for fiscal year 2049.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

12. Tangible Capital Assets

| | BC Place | Vancouver Convention Centre ⁽¹⁾ | March 31 2018 | March 31 2017 |
|----------------------------|----------------|--|------------------|------------------|
| Land | 31,292 | 41,442 | 72,734 | 72,734 |
| Buildings and improvements | 400,552 | 585,518 | 986,070 | 1,014,501 |
| Leasehold improvements | - | 24,099 | 24,099 | 24,907 |
| Equipment | 8,223 | 2,651 | 10,874 | 13,975 |
| Furniture and fixtures | 12,672 | 922 | 13,594 | 14,828 |
| Computer hardware/software | 555 | 1,431 | 1,986 | 742 |
| Net book value | 453,294 | 656,063 | 1,109,357 | 1,141,687 |

(1) Includes corporate office assets

Included above as at March 31, 2018 is work-in-progress in below tangible capital asset categories.

| | BC Place | Vancouver Convention Centre | March 31 2018 | March 31 2017 |
|----------------------------|--------------|-----------------------------------|------------------|------------------|
| Buildings and improvements | 1,512 | 4,271 | 5,783 | 2,865 |
| Leasehold improvements | - | 1,796 | 1,796 | 702 |
| Equipment | 91 | 666 | 757 | 1,032 |
| Furniture and fixtures | 46 | 287 | 333 | 685 |
| Computer hardware/software | 273 | 1,241 | 1,514 | 545 |
| Work-in-progress | 1,922 | 8,261 | 10,183 | 5,829 |

Artwork

PavCo holds a variety of art pieces at its facilities however it does not recognize the cost or value of artwork in its financial statements. All costs of developing, constructing, acquiring, installing and securing the pieces have been expensed. The Corporation has title to most pieces in the program, and is responsible for the preservation and protection of all pieces.

The Vancouver Convention Centre's comprehensive art program, which was produced as part of the west facility expansion, includes various paintings, sculptures, First Nations pieces, and other items. The historical cost of these art pieces at March 31, 2018 is \$6.2 million (\$6.2 million at March 31, 2017).

As part of the BC Place revitalization project, PavCo developed and re-constructed Terry Fox plaza to showcase the new Terry Fox memorial sculptures. The historical cost for the Terry Fox memorial sculptures is \$0.6 million (\$0.6 million at March 31, 2017).

The Corporation uses the historical cost value of the art pieces for insurance purposes, unless appraisal values are available.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2018 (tabular amounts in \$000s)

12. Tangible Capital Assets (cont.)

| | Land | Buildings and improvements | Leasehold improvements | Equipment | Furniture and fixtures | Vehicles | Computer hardware & software | 2018 |
|-------------------------------------|---------------|----------------------------|------------------------|---------------|------------------------|----------|------------------------------|------------------|
| Cost: | | | | | | | | |
| Opening balance | 72,734 | 1,281,895 | 41,337 | 68,549 | 33,301 | 25 | 3,230 | 1,501,071 |
| Additions | - | 5,569 | 1,076 | 1,233 | 256 | - | 1,451 | 9,585 |
| Disposals and adjustments | - | (5) | - | (19) | (94) | - | (51) | (169) |
| Closing balance | 72,734 | 1,287,459 | 42,413 | 69,763 | 33,463 | 25 | 4,630 | 1,510,487 |
| Accumulated amortization: | | | | | | | | |
| Opening balance | - | (267,394) | (16,430) | (54,574) | (18,473) | (25) | (2,488) | (359,384) |
| Amortization expense | - | (33,998) | (1,884) | (4,333) | (1,490) | - | (184) | (41,889) |
| Effect of disposals and adjustments | - | 3 | - | 19 | 93 | - | 28 | 143 |
| Closing balance | - | (301,389) | (18,314) | (58,888) | (19,870) | (25) | (2,644) | (401,130) |
| Net book value | 72,734 | 986,070 | 24,099 | 10,875 | 13,593 | - | 1,986 | 1,109,357 |
| | Land | Buildings and improvements | Leasehold improvements | Equipment | Furniture and fixtures | Vehicles | Computer hardware & software | 2017 |
| Cost: | | | | | | | | |
| Opening balance | 72,734 | 1,278,157 | 40,635 | 66,665 | 32,595 | 25 | 2,620 | 1,493,431 |
| Additions | - | 4,114 | 702 | 2,052 | 718 | - | 610 | 8,196 |
| Disposals and adjustments | - | (376) | - | (168) | (12) | - | - | (556) |
| Closing balance | 72,734 | 1,281,895 | 41,337 | 68,549 | 33,301 | 25 | 3,230 | 1,501,071 |
| Accumulated amortization: | | | | | | | | |
| Opening balance | - | (233,583) | (14,545) | (49,264) | (16,980) | (25) | (2,358) | (316,755) |
| Amortization expense | - | (33,949) | (1,885) | (5,478) | (1,505) | - | (130) | (42,947) |
| Effect of disposals and adjustments | - | 138 | - | 168 | 12 | - | - | 318 |
| Closing balance | - | (267,394) | (16,430) | (54,574) | (18,473) | (25) | (2,488) | (359,384) |
| Net book value | 72,734 | 1,014,501 | 24,907 | 13,975 | 14,828 | - | 742 | 1,141,687 |

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

13. Contingencies and Contractual Obligations

a) *Contingent liabilities*

- i) Environmental - PavCo remains liable for environmental and reclamation obligations for known hazards that may exist at its facilities and has recognized soil remediation costs in the financial statements. As at March 31, 2018 management is not aware of any additional existing environmental problems related to its facilities that may result in material liability to the Corporation.
- ii) Legal - the Corporation is named in various legal actions resulting from operations at PavCo's facilities. No determination can be made on the eventual outcome or disposition of the legal actions. PavCo does not expect the outcome of any proceedings, individually or in the aggregate, to have a material impact on the Corporation's financial position.

b) *Contractual obligations*

- i) Operating leases - the Corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2022. These represent total commitments as follows:

| | |
|------------------------|-------|
| Fiscal 2019 | 2,162 |
| Fiscal 2020 | 655 |
| Fiscal 2021 | 356 |
| Fiscal 2022 | 271 |
| Fiscal 2023 and beyond | - |

- ii) Capital projects - at March 31, 2018, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining capital obligations as follows:

| | |
|-------------|-------|
| Fiscal 2019 | 1,089 |
|-------------|-------|

PavCo also entered into an Agreement with a First Nation concerning the development of land on the west side of BC Place. This Agreement included a financial impact of \$8.5 million on the March 31, 2018 statement of operations and will entail sharing of lease revenues for three years upon commencement of receiving lease revenues.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2018 (tabular amounts in \$000s)

14. Expenses by Object

The following summarizes expenses by object:

| | 2018 | 2018 | 2017 |
|------------------------------|----------------|----------------|----------------|
| | Budget | Actual | Actual |
| Event direct costs | 31,354 | 38,092 | 36,066 |
| Salaries, wages and benefits | 19,476 | 18,550 | 17,769 |
| Operating expenses | 14,175 | 14,347 | 14,278 |
| General and administration | 4,166 | 3,989 | 3,769 |
| Business development | 1,003 | 699 | 924 |
| Professional consulting fees | 2,005 | 1,734 | 1,981 |
| Interest on long term debt | 4,677 | 4,669 | 4,757 |
| Redevelopment | 8,750 | 8,855 | 451 |
| Amortization | 43,316 | 41,889 | 42,947 |
| | 128,922 | 132,824 | 122,942 |

15. Employee Pension Plan

PavCo and its employees contribute to the Public Service Pension Plan, a jointly trusted pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. The Public Service Pension Plan has approximately 123,000 active, inactive and retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2017, indicated a funding surplus of \$1.89 billion for basic pension benefits. The next valuation will be as at March 31, 2020.

Employers participating in the plan record their pension expenses as the amount of employer contributions made during the fiscal year. This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore there is no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the plan.

Contributions to the Plan by PavCo for fiscal 2018 were \$1.6 million (2017 - \$1.4 million).

16. Related Party Transactions

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. All transactions with these entities were in the normal course of operations and recorded at fair market value.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2018 (tabular amounts in \$000s)

17. Budgeted Figures

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2017/18 Annual Service Plan report which was approved by PavCo's Board of Directors on January 23, 2017.

18. Financial Instruments

PavCo is exposed to various risks related to its financial instruments. It is management's opinion that the Corporation is not exposed to significant market, liquidity or credit risk arising from these financial instruments.

PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities, so as to safely guard the assets of the shareholder, and enable the Corporation to continue operations as a going concern.

Market Risk - Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect PavCo's income or the value of its financial instruments. PavCo's exposure to currency risk is only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.

Interest Rate Risk - PavCo is not subject to interest rate risk on its long-term debt as a fixed rate is provided for in the loan agreement which eliminates fluctuations in the value of this financial instrument during the repayment period.

Liquidity Risk - Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due. PavCo manages liquidity risk by continually monitoring cash flows, and by maintaining the ability to borrow funds from its shareholder.

All financial assets and liabilities are current and expected to mature within one year, with the exception of long-term debt held with the Province of BC. Debt will mature per the following schedule:

Within one year - \$2.73 million
One to five years - \$15.1 million
Over five years - \$122.6 million

Credit Risk - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

PavCo's exposure to credit risk is only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery. The Corporation continually monitors and manages the collection of receivables from other customers.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2018 (tabular amounts in \$000s)

19. Impact of accounting for restricted contributions in accordance with Restriction Contributions Regulation 198/2011

As disclosed in the significant accounting policies, note 2, regulation 198/2011 requires PavCo to recognize revenue from restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset on the same basis as the related amortization expense of the tangible capital asset. As these transfers do not contain stipulations or restrictions creating a liability over the term of the expected useful life of a related tangible capital asset, Canadian PSAS would require these contributions to be recognized in revenue as a tangible capital asset is acquired or development and construction of a tangible capital asset is complete.

If PavCo had recorded deferred capital contributions under PSAS rather than the accounting policy described under note 2, deferred capital contributions recognized as revenue for the year ended March 31, 2018 would have increased by \$9,548,000 (2017 - increased by \$8,641,000) and the annual operating deficit would have decreased by \$9,548,000 (2017 - decreased by \$8,641,000).

As at March 31, 2018, deferred capital contributions used to purchase tangible capital assets would have decreased by \$893,664,000 (2017 - decreased by \$920,744,000) and the accumulated surplus would have increased by \$893,664,000 (2017 - increased by \$920,744,000).

20. Segmented Information

PavCo reports segmented information by its operating divisions: BC Place Stadium and the Vancouver Convention Centre. BC Place Stadium and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events.

Provincial operating contribution was previously allocated equally between PavCo's facilities. Commencing in the current fiscal year, PavCo has updated its policy to have the contribution be allocated based on the proportion of facilities' operating deficit before operating contribution for the period to reflect the use of contribution between operating segments.

20. Segmented Information (cont.)

Revenues, expenses and tangible capital assets by facility are provided in the following tables:

| | <i>BC Place</i> ⁽¹⁾ | | <i>Vancouver Convention Centre</i> ^{(1) (2)} | | <i>Total</i> | |
|---|--------------------------------|----------------|---|---------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | | | |
| Event revenues | 17,957 | 12,684 | 50,768 | 53,614 | 68,725 | 66,298 |
| Lease revenues | 1,548 | 36 | 3,757 | 3,685 | 5,305 | 3,721 |
| Miscellaneous revenues ⁽³⁾ | 3,027 | 3,281 | 174 | 170 | 3,201 | 3,451 |
| Operating contributions - other | 1,500 | - | - | - | 1,500 | - |
| Operating contributions - government ⁽⁴⁾ | 9,199 | 9,099 | - | - | 9,199 | 9,099 |
| Deferred contributions - government | 15,773 | 17,084 | 17,757 | 17,537 | 33,530 | 34,621 |
| Deferred contributions - other | 640 | 635 | 958 | 954 | 1,598 | 1,589 |
| Interest revenue | 232 | 80 | 174 | 85 | 406 | 165 |
| | 49,876 | 42,899 | 73,588 | 76,045 | 123,464 | 118,944 |
| Expenses | | | | | | |
| Event direct costs | 10,140 | 5,987 | 27,952 | 30,079 | 38,092 | 36,066 |
| Salaries, wages and benefits | 7,608 | 7,153 | 10,942 | 10,616 | 18,550 | 17,769 |
| Operating expenses | 4,626 | 4,713 | 9,721 | 9,565 | 14,347 | 14,278 |
| General and administration | 1,766 | 1,476 | 2,223 | 2,293 | 3,989 | 3,769 |
| Business development | 360 | 364 | 339 | 560 | 699 | 924 |
| Professional consulting fees | 1,083 | 1,166 | 651 | 815 | 1,734 | 1,981 |
| Interest on long-term debt | 4,669 | 4,757 | - | - | 4,669 | 4,757 |
| Redevelopment ⁽⁵⁾ | 8,855 | 451 | - | - | 8,855 | 451 |
| Amortization | 22,887 | 24,189 | 19,002 | 18,758 | 41,889 | 42,947 |
| | 61,994 | 50,256 | 70,830 | 72,686 | 132,824 | 122,942 |
| Surplus (deficit) for the period | (12,118) | (7,357) | 2,758 | 3,359 | (9,360) | (3,998) |

(1) Corporate office revenues and expenditures have been allocated equally between PavCo's facilities.

(2) PavCo's proportionate share of the Convention Development Fund is consolidated to Vancouver Convention Centre operations.

(3) Miscellaneous revenues include non-event related revenues and monies received outside of the course of normal operations.

(4) Provincial operating contribution was previously allocated equally between PavCo's facilities. Commencing in the current fiscal year, the contribution will be allocated based on the proportion of facilities' operating deficits before operating contribution.

(5) Redevelopment costs are outside of normal operating expenses and are associated with the redevelopment of lands to the west of BC Place.

20. Segmented Information (cont.)

| BC Place | Land | Buildings and improvements | Equipment | Furniture and fixtures | Computer hardware and software | 2018 | 2017 |
|--|---------------|-------------------------------|---------------|---------------------------|--------------------------------------|----------------|----------------|
| Cost: | | | | | | | |
| Opening balance | 31,292 | 554,395 | 52,309 | 23,239 | 872 | 662,107 | 659,611 |
| Additions | - | 2,445 | 642 | 46 | 531 | 3,664 | 3,052 |
| Disposals | - | (5) | (19) | (94) | (24) | (142) | (556) |
| Closing balance | 31,292 | 556,835 | 52,932 | 23,191 | 1,379 | 665,629 | 662,107 |
| Accumulated amortization: | | | | | | | |
| Opening balance | - | (138,531) | (41,116) | (9,221) | (719) | (189,587) | (165,715) |
| Amortization expense | - | (17,755) | (3,612) | (1,391) | (129) | (22,887) | (24,190) |
| Effect of disposals and adjustments | - | 3 | 19 | 93 | 24 | 139 | 318 |
| Closing balance | - | (156,283) | (44,709) | (10,519) | (824) | (212,335) | (189,587) |
| Net book value – March 31, 2018 | 31,292 | 400,552 | 8,223 | 12,672 | 555 | 453,294 | |
| Net book value – March 31, 2017 | 31,292 | 415,864 | 11,193 | 14,018 | 153 | | 472,520 |

20. Segmented Information (cont.)

| Vancouver Convention Centre | Land | Buildings and improvements | Leasehold Improvements | Equipment | Furniture and fixtures | Vehicles | Computer hardware and software | 2018 | 2017 |
|--|---------------|-------------------------------|---------------------------|--------------|---------------------------|----------|--------------------------------------|----------------|----------------|
| Cost: | | | | | | | | | |
| Opening balance | 41,442 | 727,500 | 41,337 | 16,240 | 10,063 | 25 | 2,357 | 838,964 | 833,820 |
| Additions | - | 3,124 | 1,076 | 591 | 210 | - | 920 | 5,921 | 5,144 |
| Disposals | - | - | - | - | - | - | (27) | (27) | - |
| Closing balance | 41,442 | 730,624 | 42,413 | 16,831 | 10,273 | 25 | 3,250 | 844,858 | 838,964 |
| Accumulated amortization: | | | | | | | | | |
| Opening balance | - | (128,863) | (16,430) | (13,459) | (9,252) | (25) | (1,768) | (169,797) | (151,040) |
| Amortization expense | - | (16,243) | (1,884) | (721) | (99) | - | (55) | (19,002) | (18,757) |
| Disposal | | | | | | | 4 | 4 | |
| Closing balance | - | (145,106) | (18,314) | (14,180) | (9,351) | (25) | (1,819) | (188,795) | (169,797) |
| Net book value - March 31, 2018 | 41,442 | 585,518 | 24,099 | 2,651 | 922 | - | 1,431 | 656,063 | |
| Net book value - March 31, 2017 | 41,442 | 598,637 | 24,907 | 2,781 | 811 | - | 589 | | 669,167 |

PavCo's lease agreement with Canada Place Corporation for the Vancouver Convention Centre's east facility is for a 20-year term expiring in 2027. It is at nominal annual rent and PavCo is responsible for all operating costs. As the lease term represents the full economic life of the asset, it is included in the tangible capital assets of the Corporation