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CH191900819178Registered Canadian Amateur  
Athletic Association Information Return

## Identification

Name of association The 2010 Games Operating Trust	
Address 450 - 375 Water St	
City Vancouver	
Province or territory BC	Postal code V6B 5C6

Return for fiscal period ending

2018 12 31  
Year Month Day

Is this the first return filed by this association?

Yes  No 

If "no," has the fiscal period changed from the last return filed?

Yes  No 

Is this the final return to be filed by this association?

Yes  No 

If "yes," please attach an explanation.

File number

BN/Registration number

15 85163 2877 RR 0001

Yes  No Yes  No 

## Instructions

1. Complete the identification area.
2. Complete the boxes (above right) to indicate the end of the association's fiscal period.
3. Attach FINANCIAL STATEMENTS for the fiscal period covered by this return. These should include a statement of revenue and expenditures for the fiscal period and a statement of assets and liabilities as of the end of the fiscal period. The statements should indicate the different sources of revenue in sufficient detail to show how funds were spent or invested.
4. Attach a list of the names, addresses, and occupations or lines of business of the association's current directors.
5. Attach a list of the names and the official positions of the people who are authorized to issue official receipts for the association.
6. Attach a note that fully explains what replacement procedure is followed in the event of lost or spoiled receipts.
7. Within six months from the end of the fiscal period of the association, mail or deliver a completed return and all required documents to:

Charities Directorate  
Canada Revenue Agency  
Ottawa ON K1A 0L5

Form authorized by the Minister of National Revenue.

6000003860773



**Information required**

1. Have any changes not previously reported been made to the association's governing documents? If yes, please attach a certified copy of the changes. Yes  No

2. Have complete books and records been kept (including duplicate copies of receipts) which fully substantiate all financial transactions during the fiscal period? If no, please attach an explanation. Yes  No

3. Please indicate the total amount for which the association issued official donation receipts in this fiscal period. \$ 10

4. Are the receipt forms used to acknowledge payments that are NOT gifts clearly distinguishable from official donation receipts which bear the BN/registration number? If no, please attach an explanation. Yes  No  N/A

5. Did the association issue official donation receipts showing a date in the previous calendar year for donations that were mailed or otherwise submitted after the end of the calendar year? If yes, please attach an explanation. Yes  No  N/A

6. Have official donation receipts been issued to acknowledge donations in a form other than cash or cheque - e.g., goods, services rendered, etc.? If yes, please attach a list of these gifts and their value as shown on the official donation receipt. Yes  No

7. Has any amount donated to the association been returned to the donor during the year? If yes, please attach an explanation (confidential). Yes  No

8 a. During the fiscal period, did the association accept any gifts with the express or implied condition that such gifts were to be used for the benefit of another person, club, society or association? If yes, please attach an explanation (confidential). Yes  No

b. Did the association issue an official donation receipt to acknowledge such a gift? Yes  No

**Certification**

To be signed by two directors of the association.

1. I, Margaret Mason of [REDACTED]  
Name of director whose signature appears below.

2. I, Chris Samis of [REDACTED]  
Name of director whose signature appears below.

Address (confidential)

HEREBY CERTIFY that the information given in this return and in all attachments is, to the best of my knowledge, correct, complete and current. (Note: It is a serious offense under the *Income Tax Act* to provide false or deceptive information.)

1. Signature of director (confidential)	Position with the association
[REDACTED]	<u>Chair</u>
Home telephone number (confidential)	Business telephone number
[REDACTED]	
2. Signature of director (confidential)	Position with the association
[REDACTED]	<u>Director</u>
Home telephone number (confidential)	Business telephone number
[REDACTED]	

**RCAA:**

Personal information is collected under the authority of the *Income Tax Act* and is used to establish and validate the identity and contact information of directors, trustees, officers and/or like officials and authorized representatives of the organization. This information will also be used as a basis for the indirect collection of additional personal information from other internal and external sources, which includes social insurance number (SIN), personal tax information, and relevant financial and biographical information, which may be used to assess the overall risk of registration with respect to the obligations of registration as outlined in the *Act* and the common law. The SIN is collected pursuant to subsection 237 of the *Act* and is used for identification purposes.

The Canada Revenue Agency (CRA) will make this form and all attachments available to the public upon request and/or on the Charities Directorate website, except for information or data identified as confidential. Personal information may also be disclosed to the organization in question and/or its authorized representatives and other third parties pursuant to the disclosure provisions under Section 241 of the *Act*. Personal information may also be shared with other government departments and agencies under information-sharing agreements in accordance with the disclosure provisions under Section 241 of the *Act*. Incomplete or inaccurate information may result in a range of actions including suspension of tax-receipting privileges, up to and including revocation of registered status.

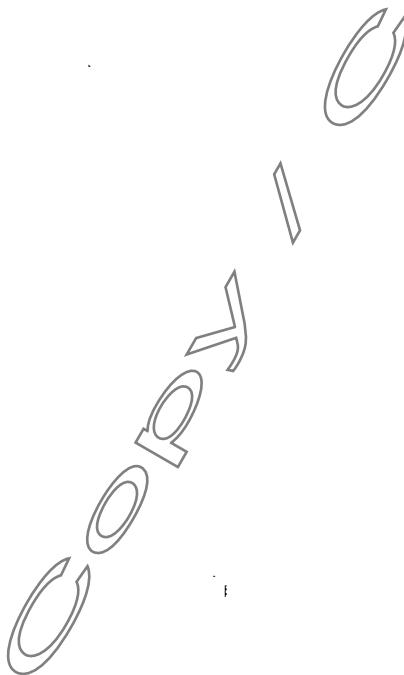
Information is described in Charities Program CRA PPU 200 and is protected under the *Privacy Act*. Individuals have a right of protection, access to and correction or notation of their personal information. Please be advised that you are entitled to complain to the Privacy Commissioner of Canada regarding our handling of your information.

**Notification to directors and like officials:** The CRA strongly encourages the association to voluntarily inform directors and like officials that their personal information has been collected and disclosed to the CRA for the submission of its annual information return.

I confirm that I have read the Privacy statement above.

**2010 Games Operating Trust**  
**List of Directors**  
**As at December 31, 2018**

Name	Official Position	Address	Occupation or Line of Business
Margaret Mason	Chair, Director & Signing Officer		
John Dooling	Director & Signing Officer		
Wayne Duzita	Director & Signing Officer		
William J. Hallett	Director & Signing Officer		
Gail Hamamoto	Director		
Heather Holden	Director & Signing Officer		
Chris Samis	Director & Signing Officer		



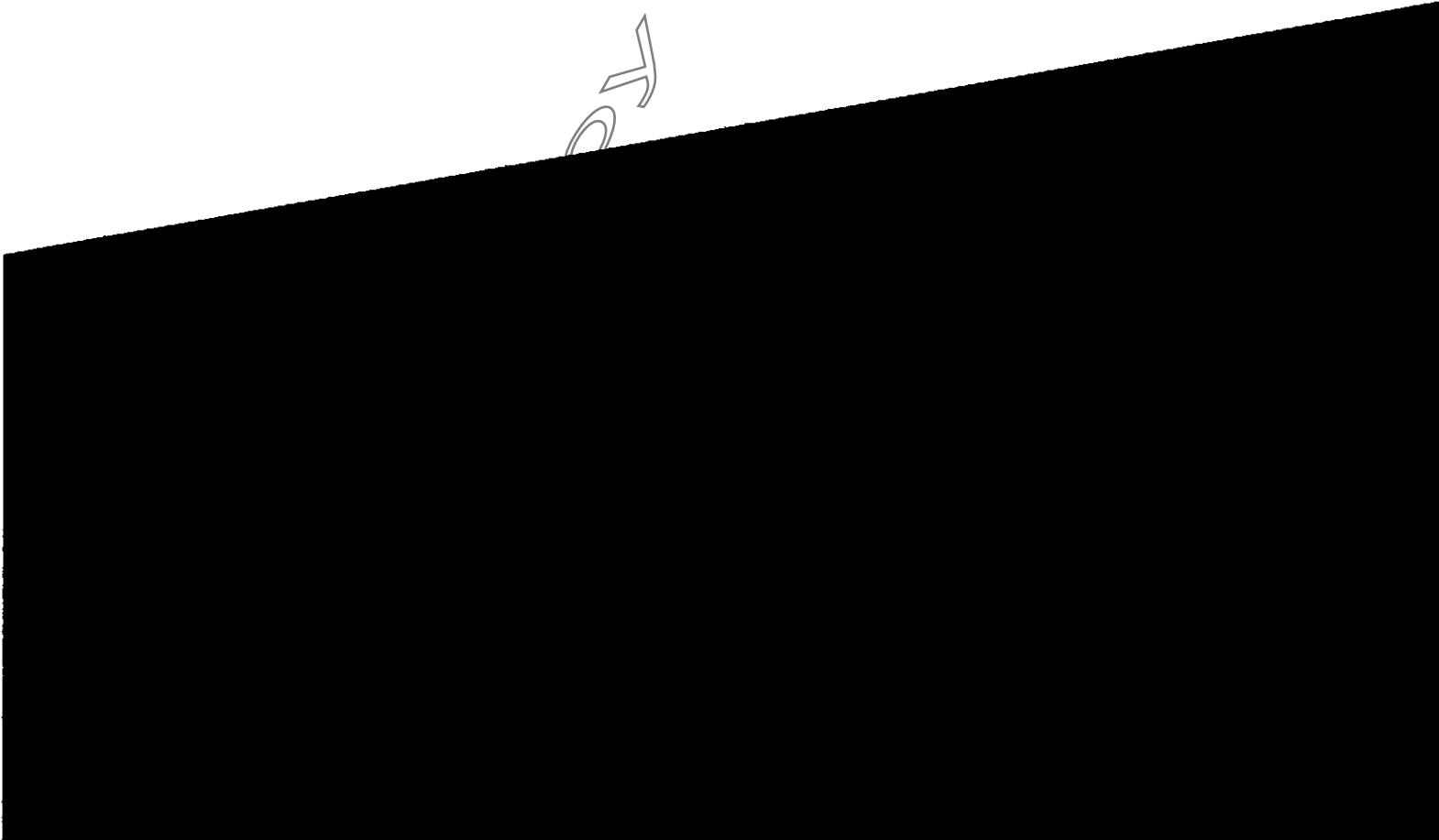
A handwritten signature of the name "Margaret Mason" is written in cursive ink. The signature is fluid and includes a small "M" at the beginning and a "J" at the end. It is positioned below the table of directors.

# **2010 Games Operating Trust Society**

**Financial statements**

**December 31, 2018**

Copy



## Independent auditor's report

To the Members of  
**2010 Games Operating Trust Society**

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of **2010 Games Operating Trust Society** [the "Society"], which comprise the statement of financial position as at December 31, 2018, and the statement of expenses and recoveries for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### 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 report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 these 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 Society'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 Society'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 Society 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.

We 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.

#### **Report on other legal and regulatory requirements**

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada



Chartered Professional Accountants



## 2010 Games Operating Trust Society

### Statement of financial position

As at December 31

	2018	2017
	\$	\$
<b>Assets</b>		
Due from 2010 Games Operating Trust [note 3]	77,424	5,607
<b>Total assets</b>	<b>77,424</b>	<b>5,607</b>

### Liabilities

Accounts payable and accrued liabilities	77,424	5,607
<b>Total liabilities</b>	<b>77,424</b>	<b>5,607</b>

*See accompanying notes*

On behalf of the Board:

Director

Director

## 2010 Games Operating Trust Society

### Statement of expenses and recoveries

Year ended December 31

	2018	2017
	\$	\$
<b>Expenses</b>		
Professional and administrative fees	480,243	428,765
<b>Total expenses</b>	<b>480,243</b>	<b>428,765</b>
 <b>Recoveries</b>		
Recoveries from 2010 Games Operating Trust [note 3]	480,243	428,765
<b>Total recoveries</b>	<b>480,243</b>	<b>428,765</b>
<b>Excess of expenses over recoveries for the year</b>	<b>—</b>	<b>—</b>

*See accompanying notes*

# 2010 Games Operating Trust Society

## Notes to financial statements

December 31, 2018

### 1. Purpose of organization

The 2010 Games Operating Trust Society [the "Society" or "Trustee"] was established to act as the Trustee of the 2010 Games Operating Trust [the "Trust"]. The purpose of the Trust is to promote high performance amateur sport in Canada.

The Society was incorporated pursuant to the *Society Act* of British Columbia on March 25, 2004. The Society transitioned to the new *Societies Act* of British Columbia effective January 1, 2017.

The Society is governed by a Board of Directors consisting of eight members, six of whom are appointed from each of Canada, British Columbia, the Canadian Olympic Committee, the Canadian Paralympic Committee, the City of Richmond and the Resort Municipality of Whistler and two additional members appointed by the Board of Directors of the Society.

The Society is not entitled to remuneration for its responsibilities as Trustee but is entitled to reimbursement for its reasonable expenses properly incurred in relation to its administration of the Trust.

### 2. Summary of significant accounting policies

These financial statements are reported in Canadian dollars and were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

The following is a summary of significant accounting policies used in the preparation of these financial statements:

#### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Society's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Society's management believes that the estimates utilized in preparing its financial statements are reasonable; however, actual results could differ from those estimates.

### 3. Related party transactions

Pursuant to the Trust Agreement, the Society is entitled to be reimbursed for its reasonable expenses in relation to its administration of the affairs of the Trust. During the year ended December 31, 2018, the Society incurred \$480,243 [2017 – \$428,765] in expenses for which it is entitled to reimbursement from the Trust. This amount is reported as recoveries from the Trust for the year ended December 31, 2018. As at December 31, 2018, the amount receivable from the Trust is \$77,424 [2017 – \$5,607].

Related party 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.

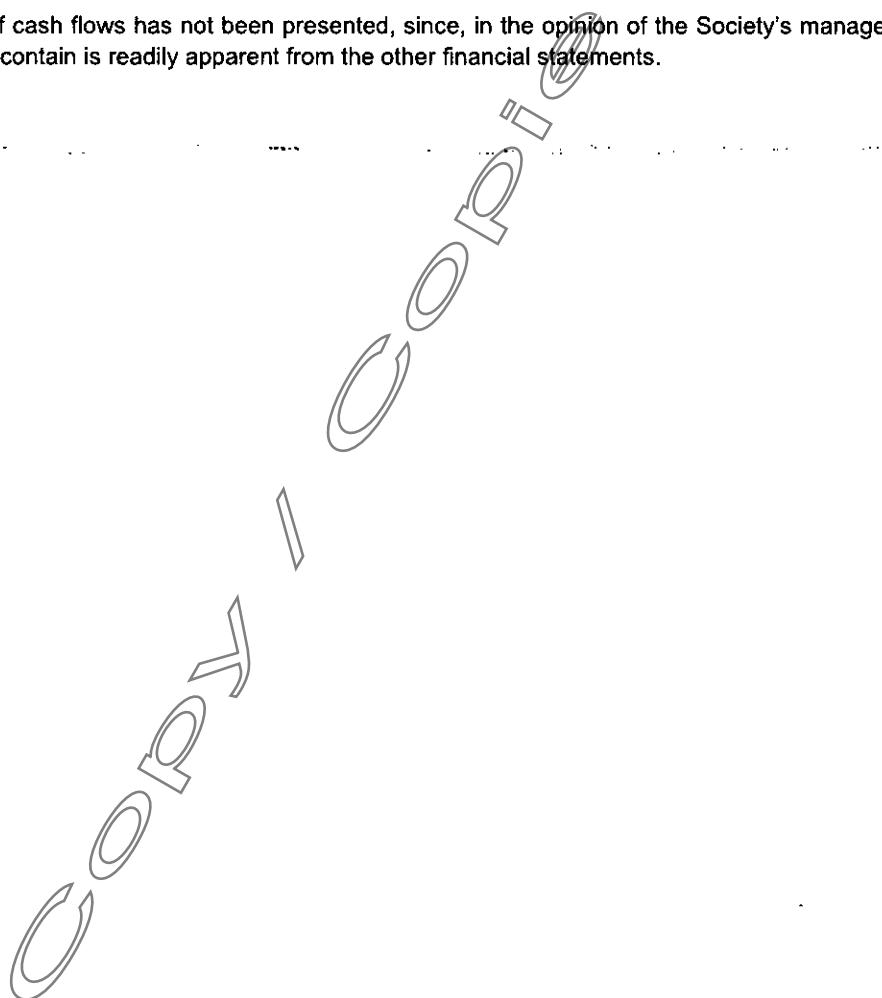
## 2010 Games Operating Trust Society

### Notes to financial statements

December 31, 2018

#### 4. Statement of cash flows

A separate statement of cash flows has not been presented, since, in the opinion of the Society's management, the information it would contain is readily apparent from the other financial statements.

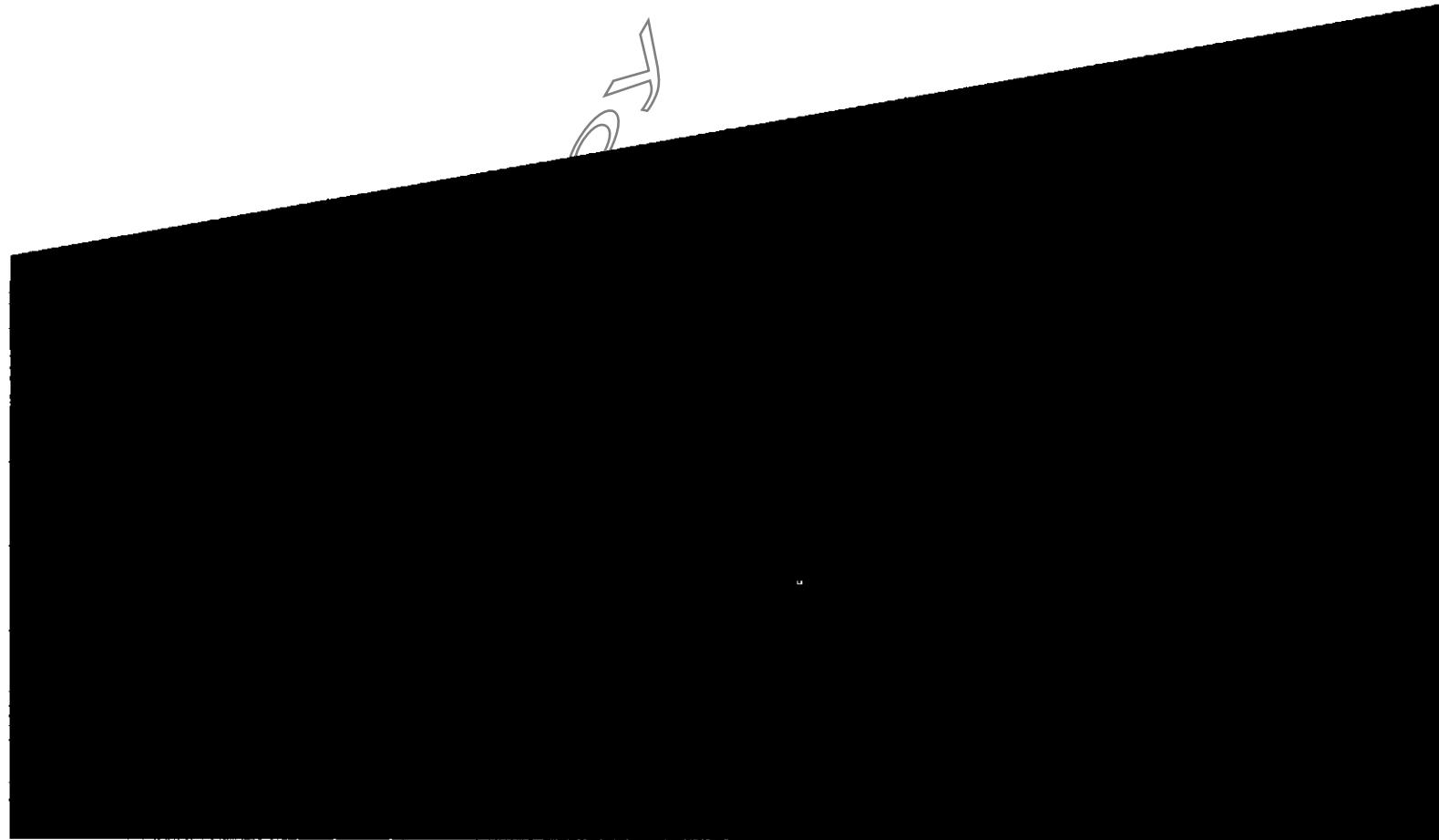


# 2010 Games Operating Trust

Financial statements

December 31, 2018

Copy



## Independent auditor's report

To the Members of  
**2010 Games Operating Trust**

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of **2010 Games Operating Trust** [the "Trust"], which comprise the statement of financial position as at December 31, 2018, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### 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 report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

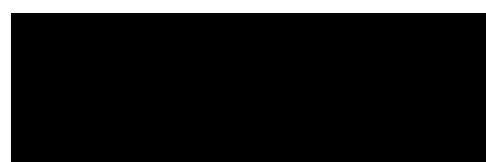
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 these 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 Trust'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 Trust'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 Trust 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.

We 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.

#### **Report on other legal and regulatory requirements**

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada

Chartered Professional Accountants

## 2010 Games Operating Trust

### Statement of financial position

As at December 31

	2018	2017
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	276,229	100,128
Prepaid expenses and other assets	27,004	—
Investments [note 3]	<u>144,677,374</u>	<u>154,947,243</u>
<b>Total assets</b>	<b><u>144,980,607</u></b>	<b><u>155,047,371</u></b>
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Due to 2010 Games Operating Trust Society [note 4]	77,424	5,607
Distributions payable [note 7]	<u>7,475,596</u>	<u>7,513,369</u>
<b>Total liabilities</b>	<b><u>7,553,020</u></b>	<b><u>7,518,976</u></b>
<b>Fund balances [note 8]</b>		
Speed Skating Oval Fund	52,995,572	56,894,248
Whistler Sliding Centre and Nordic Centre Fund	<u>52,802,771</u>	<u>56,685,822</u>
Contingency Fund	<u>31,629,244</u>	<u>33,948,325</u>
<b>Total fund balances</b>	<b><u>137,427,587</u></b>	<b><u>147,528,395</u></b>
<b>Total liabilities and fund balances</b>	<b><u>144,980,607</u></b>	<b><u>155,047,371</u></b>

See accompanying notes

On behalf of the Board of Directors of the Trustee:

Director

Director

## 2010 Games Operating Trust

### Statement of operations and changes in fund balances

Year ended December 31

	2018	2017
	\$	\$
<b>Revenue</b>		
Investment income		
Interest and dividends	9,602,727	6,543,129
Realized gains on sale of investments	2,268,008	3,991,713
Unrealized gains (losses) on fair value of held-for-trading investments	(14,042,708)	3,581,754
Other income	27,004	25,895
<b>Total revenue (losses)</b>	<b>(2,144,969)</b>	<b>14,142,491</b>
<b>Expenses [note 4]</b>		
Legal	7,032	2,809
Investment advisory	31,234	28,791
Investment management	369,251	329,445
Administration	21,176	17,792
Audit	18,286	18,286
Custodial services	19,014	17,392
Directors' and officers' insurance	14,250	14,250
<b>Total expenses</b>	<b>480,243</b>	<b>428,765</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(2,625,212)</b>	<b>13,713,726</b>
Fund balances, beginning of year	147,528,395	141,328,038
Distributions [note 7]	(7,475,596)	(7,513,369)
<b>Fund balances, end of year</b>	<b>137,427,587</b>	<b>147,528,395</b>

*See accompanying notes*

## 2010 Games Operating Trust

### Statement of cash flows

Year ended December 31

	2018	2017
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	(2,625,212)	13,713,726
Add (deduct) items not affecting cash:		
Realized gains on sale of investments	(2,268,008)	(3,991,713)
Unrealized losses (gains) on fair value of held-for-trading investments	14,042,708	(3,581,754)
	<u>9,149,488</u>	<u>6,140,259</u>
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(27,004)	—
Due to 2010 Games Operating Trust Society	71,817	(77,447)
<b>Cash provided by operating activities</b>	<u>9,194,301</u>	<u>6,062,812</u>
<b>Investing activities</b>		
Acquisition of investments at cost	(26,403,118)	(16,359,825)
Proceeds on disposition of investments	24,898,287	17,378,337
<b>Cash provided by (used in) investing activities</b>	<u>(1,504,831)</u>	<u>1,018,512</u>
<b>Financing activities</b>		
Distributions paid during the year	(7,513,369)	(7,262,801)
<b>Cash used in financing activities</b>	<u>(7,513,369)</u>	<u>(7,262,801)</u>
<b>Net increase (decrease) in cash during the year</b>	<b>176,101</b>	<b>(181,477)</b>
Cash and cash equivalents, beginning of year	100,128	281,605
<b>Cash and cash equivalents, end of year</b>	<b>276,229</b>	<b>100,128</b>

*See accompanying notes*

## 2010 Games Operating Trust

### Notes to financial statements

December 31, 2018

#### 1. Purpose of organization

The 2010 Games Operating Trust [the "Trust"] was established to promote high performance amateur sport in Canada.

The Trust was the recipient of \$110,000,000 which represented the obligations of both British Columbia and Canada [\$55,000,000 each] under a multi-party agreement ["MPA"] for hosting the 2010 Olympic and Paralympic Winter Games [the "Games"].

The Trust was settled on March 31, 2004 in connection with the receipt of British Columbia's \$55,000,000 contribution. Canada's contribution of \$55,000,000 was received on April 22, 2005. The Trust is a Registered Canadian Amateur Athletic Association and is exempt from income taxes under the *Income Tax Act* (Canada).

The Trustee is the 2010 Games Operating Trust Society [the "Society" or "Trustee"]. The Society is governed by a Board of Directors consisting of eight members, six of whom are appointed from each of Canada, British Columbia, the Canadian Olympic Committee, the Canadian Paralympic Committee, the City of Richmond and the Resort Municipality of Whistler, and two additional members appointed by the Board of Directors of the Society.

The settlement of the Trust established the Legacy Endowment Fund to provide funding for operating expenses and related capital maintenance costs of certain Games venues prior to the initial opening of an Olympic facility. The Games venues include the speed skating oval venue [the "Richmond Olympic Oval"], which is owned by the City of Richmond, and the sliding centre venue [the "Whistler Sliding Centre"] and the nordic centre venue [the "Whistler Olympic Park"], which are owned by the Whistler 2010 Sport Legacies Society [previously operated by the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ["VANOC"]]. The Trust Agreement provides that the funds held within the Legacy Endowment Fund were to be invested until the initial opening of an Olympic facility after which the Legacy Endowment Fund was to be divided and the capital and any accumulated but undistributed income be divided into each of the following funds: Speed Skating Oval Fund, Whistler Sliding Centre and Nordic Centre Fund and Contingency Fund. The fund division date of the Legacy Endowment Fund was established effective December 31, 2007 and the funds were divided as follows: Speed Skating Oval Fund [40%], Whistler Sliding Centre and Nordic Centre Fund [40%] and Contingency Fund [20%].

The Speed Skating Oval Fund and the Whistler Sliding Centre and Nordic Centre Fund provide for calculations to be performed to determine an annual distributable amount to be paid to the owners of the Games venues [note 7]. The Trustee must consult with and give consideration to any operating agreement signed by the owner of each venue and thereafter will pay or apply so much of the annual distributable amount for each fund for the following priorities: administrative costs, the operating expenses and capital maintenance expenses of the respective venues, athlete and coach sport development programs at the respective facilities, and athlete and coach sport development programs throughout Canada. To the extent the annual distributable amount is different than the income of the respective fund, any excess or deficiency is to be added to or withdrawn from the capital of that fund accordingly.

With respect to the Contingency Fund, the Trustee has the ability to allocate any part of the income and capital of the fund to either the Speed Skating Oval Fund and/or the Whistler Sliding Centre and Nordic Centre Fund as it believes appropriate.

# 2010 Games Operating Trust

## Notes to financial statements

December 31, 2018

### 2. Summary of significant accounting policies

These financial statements are reported in Canadian dollars and have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, “Accounting Standards for Not-for-Profit Organizations”, which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

The following is a summary of significant accounting policies used in the preparation of these financial statements:

#### Fund accounting

The Trust follows the restricted fund method of accounting for contributions. Investment income earned on assets held in the respective funds is recorded as revenue as earned. All expenditures are expensed as incurred on a proportionate basis within each of the respective funds.

#### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Trustee's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Trustee's management believes that the estimates utilized in preparing its financial statements are reasonable; however, actual results could differ from those estimates.

#### Cash and cash equivalents

Cash and cash equivalents consist of all highly liquid investments with an original maturity of 90 days or less unless they are held for investment purposes in which case they are classified as investments.

#### Financial instruments

It is the Trustee's opinion that the Trust is subject to interest rate, market and foreign currency risks with respect to its investments. To manage these risks, the investment policy for the Trust has established a target mix of investments which is designed to achieve optimal returns with reasonable risk tolerances.

#### Investments and investment income

Investments are measured at fair value with changes in fair value recorded as unrealized gains or losses. The estimated fair value for bond and equity investments is based on the latest closing prices and pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Investments denominated in foreign currencies are translated into Canadian dollars at the rate of exchange at the year-end.

Investment transactions are recorded on a trade date basis and transaction costs are expensed as incurred. Income on interest-bearing securities is accrued daily. Dividends on equity investments are recognized as revenue on their payment dates. Capital gains and losses on bonds, equities, and other investments are included in revenue in the year realized.

## 2010 Games Operating Trust

### Notes to financial statements

December 31, 2018

#### 3. Investments

The Trust's investments are as follows:

	2018 \$	2017 \$
Cash held by investment managers	<u>58,205</u>	<u>60,412</u>
Fixed income		
Government and corporate bonds	58,339,371	57,444,203
Mortgages	—	3,005,632
Total fixed income	<u>58,339,371</u>	<u>60,449,835</u>
Equities		
Canadian	35,045,774	39,935,705
United States and other international	50,435,985	54,501,291
Infrastructure	798,039	—
Total equities	<u>86,279,798</u>	<u>94,436,996</u>
Total investments	<u>144,677,374</u>	<u>154,947,243</u>

#### 4. Related party transactions

Pursuant to the Trust Agreement, the Society is entitled to be reimbursed for its reasonable expenses in relation to its administration of the affairs of the Trust. During the year ended December 31, 2018, the Trust was charged \$480,243 [2017 – \$428,765] by the Trustee, for the recovery of expenses incurred on the Trust's behalf. As at December 31, 2018, the amount payable to the Trustee was \$77,424 [2017 – \$5,607].

Related party 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.

#### 5. Capital disclosures

The Trust manages its cash flows in order to meet its organizational objectives for operating, investing and financing activities.

The Trust's capital management objectives are to have sufficient capital resources to finance its administrative expenses and to distribute annual distributable amounts as determined by the Trustee each year to the owners of the Games venues for use towards their respective administrative, operating and capital maintenance expenses. In order to fulfill these objectives, the Trust invests its available capital in investments that are held for trading [note 3].

On a quarterly basis, the Trust monitors its investment performance and its actual operating results compared to the budget. As at December 31, 2018, the Trust has met its capital management objectives.

# 2010 Games Operating Trust

## Notes to financial statements

December 31, 2018

### 6. Financial instruments and risk

The Trust is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Trust's exposure to these risks:

#### Interest rate risk

Interest rate risk is the risk that fixed income securities will decline in value because of changes in market interest rates. Rising interest rates cause a decrease in the value of fixed income securities. The Trust is not exposed to significant interest rate risk on its investments in equity funds.

#### Foreign currency risk

Foreign currency risk is the risk that the value of non-Canadian investments, measured in Canadian dollars, will decrease because of unfavourable changes in currency exchange rates. The Trust's investments in US and international equities are generally unhedged in terms of currency exposure. Generally, where there is a 1% strengthening (weakening) of the Canadian dollar versus the corresponding currency, there is a 1% decrease (increase) in the value of the investment relating to that currency, to the extent all other variables remain constant.

#### Other price risk

Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices other than those arising from foreign currency or interest rate risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The underlying equity investments within the Trust's investments are subject to other price risk.

#### Financial risk

Financial risk is the risk to the Trust's results of operations that arises from fluctuations in equity valuations and market prices and foreign exchange rates and the degree of volatility of these rates. In managing these risks, the Trust has established a target mix of investment types designed to achieve optimal return within reasonable risk tolerances.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is managed by investing a significant portion of the Trust's assets in investments that are traded in active markets or redeemable and can readily be disposed of when required to meet the Trust's payment obligations.

## Notes to financial statements

December 31, 2018

## 7. Distributions

	Richmond Olympic Oval			Whistler Olympic Park and Whistler Sliding Centre			Total		
	Declared [cumulative] \$	Paid [cumulative] \$	Distributions payable \$	Declared [cumulative] \$	Paid [cumulative] \$	Distributions payable \$	Declared [cumulative] \$	Paid [cumulative] \$	Distributions payable \$
<b>As at January 1, 2016</b>	27,059,845	(24,259,845)	2,800,000	30,635,941	(26,875,941)	3,760,000	57,695,786	(51,135,786)	6,560,000
Distribution paid July 6, 2016	—	(2,800,000)	—	—	(3,760,000)	—	—	(6,560,000)	—
Distribution declared December 12, 2016	2,804,671	—	—	4,458,130	—	—	7,262,801	—	—
<b>As at December 31, 2016</b>	29,864,516	(27,059,845)	2,804,671	35,094,071	(30,635,941)	4,458,130	64,958,587	(57,695,786)	7,262,801
Distribution paid July 5, 2017	—	(2,804,671)	—	—	(4,458,130)	—	—	(7,262,801)	—
Distribution declared November 30, 2017	2,899,454	—	—	4,613,915	—	—	7,513,369	—	—
<b>As at December 31, 2017</b>	32,763,970	(29,864,516)	2,899,454	39,707,986	(35,094,071)	4,613,915	72,471,956	(64,958,587)	7,513,369
Distribution paid July 12, 2018	—	(2,899,454)	—	—	(4,613,915)	—	—	(7,513,369)	—
Distribution declared December 10, 2018	2,882,719	—	—	4,592,877	—	—	7,475,596	—	—
<b>As at December 31, 2018</b>	35,646,689	(32,763,970)	2,882,719	44,300,863	(39,707,986)	4,592,877	79,947,552	(72,471,956)	7,475,596

Distributions are made annually from the Trust to the owner/operator of the Richmond Olympic Oval and to the owner/operator of the Whistler Olympic Park and the Whistler Sliding Centre pursuant to the Trust Agreement. The annual distributable amounts made from the Speed Skating Oval Fund to the City of Richmond on behalf of the Richmond Olympic Oval and from the Whistler Sliding Centre and Nordic Centre Fund to the Whistler 2010 Sport Legacies Society on behalf of the Whistler Olympic Park and the Whistler Sliding Centre are determined based upon the fair values of the respective funds on a rolling three-year average calculated by a percentage determined annually by the Trustee.

## Notes to financial statements

December 31, 2018

## 8. Schedule of fund balances

Year ended December 31, 2018

	Speed Skating Oval Fund			Whistler Sliding Centre and Nordic Centre Fund			Contingency Fund			Total \$
	Income \$	Capital \$	Total \$	Income \$	Capital \$	Total \$	Income \$	Capital \$	Total \$	
<b>Revenue</b>										
Investment income										
Interest and dividends	3,716,255	—	3,716,255	3,697,050	—	3,697,050	2,189,422	—	2,189,422	9,602,727
Realized gains on sale of investments	—	877,719	877,719	—	873,183	873,183	—	517,106	517,106	2,268,008
Unrealized gains (losses) on fair value of held-for-trading investments	—	(5,434,528)	(5,434,528)	—	(5,406,443)	(5,406,443)	—	(3,201,737)	(3,201,737)	(14,042,708)
Other income	10,451	—	10,451	10,396	—	10,396	6,157	—	6,157	27,004
<b>Total revenue</b>	<b>3,726,706</b>	<b>(4,556,809)</b>	<b>(830,103)</b>	<b>3,707,446</b>	<b>(4,533,260)</b>	<b>(825,814)</b>	<b>2,195,579</b>	<b>(2,684,631)</b>	<b>(489,052)</b>	<b>(2,144,969)</b>
<b>Expenses</b>										
Legal	2,721	—	2,721	2,707	—	2,707	1,604	—	1,604	7,032
Investment advisory	12,088	—	12,088	12,025	—	12,025	7,121	—	7,121	31,234
Investment management	142,900	—	142,900	142,162	—	142,162	84,189	—	84,189	369,251
Administration	8,195	—	8,195	8,153	—	8,153	4,828	—	4,828	21,176
Audit	7,077	—	7,077	7,040	—	7,040	4,169	—	4,169	18,286
Custodial services	7,358	—	7,358	7,321	—	7,321	4,335	—	4,335	19,014
Directors' and officers' insurance	5,515	—	5,515	5,486	—	5,486	3,249	—	3,249	14,250
<b>Total expenses</b>	<b>185,854</b>	<b>—</b>	<b>185,854</b>	<b>184,894</b>	<b>—</b>	<b>184,894</b>	<b>109,495</b>	<b>—</b>	<b>109,495</b>	<b>480,243</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>										
Fund balance, beginning of year	3,540,852	(4,556,809)	(1,015,957)	3,522,552	(4,533,260)	(1,010,708)	2,086,084	(2,684,631)	(598,547)	(2,625,212)
Transfers from capital	—	56,894,248	56,894,248	—	56,685,822	56,685,822	—	33,948,325	33,948,325	147,528,395
Transfers from contingency	(658,133)	658,133	—	(650,209)	650,209	—	(365,550)	365,550	—	—
Distributions	—	—	—	1,720,534	—	1,720,534	(1,720,534)	—	(1,720,534)	—
<b>Fund balance, end of year</b>	<b>—</b>	<b>52,995,572</b>	<b>52,995,572</b>	<b>—</b>	<b>52,802,771</b>	<b>52,802,771</b>	<b>—</b>	<b>31,629,244</b>	<b>31,629,244</b>	<b>137,427,587</b>
<b>Percentages of weighted average fund balances during the year ended December 31, 2018 [including distributions payable]</b>										
				38.70%			38.50%			22.80% 100.00%
<b>Percentages of fund balances as at December 31, 2018 [including distributions payable]</b>										
				38.70%			38.50%			22.80% 100.00%