



# BC PAVILION CORPORATION ANNUAL REPORT

APRIL 1, 2013 - MARCH 31, 2014



# TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>Message from the Chair</b>  | <b>2</b>  |
| Accountability Statement   | 4         |
| <b>Our Organization</b>  | <b>5</b>  |
| About PavCo  | 5         |
| About the Vancouver Convention Centre                                  | 7         |
| About BC Place   | 9         |
| <b>Our Governance</b>  | <b>11</b> |
| The Executive Team   | 13        |
| <b>Our Performance</b>   | <b>14</b> |
| Generating Economic Benefit  | 14        |
| Attracting High Profile Events   | 15        |
| 30 <sup>th</sup> Anniversary of BC Place                               | 17        |
| Our Impact on the Community  | 19        |
| Challenges & Opportunities   | 21        |
| <b>Our Goals</b>   | <b>22</b> |
| <b>2013/14 to 2015/16 Revised Service Plan Goals &amp; Performance</b> | <b>22</b> |
| <b>Government's Letter of Expectations</b>                             | <b>29</b> |
| <b>Financial Report</b>  | <b>31</b> |
| Management Discussion and Analysis                                     | 31        |
| Financial Results for the Year Ended March 31, 2014                    | 31        |
| Future Outlook   | 32        |
| <b>Financial Statements - March 31, 2014</b>                           | <b>36</b> |
| <b>Contact Us</b>  | <b>62</b> |



# MESSAGE FROM THE CHAIR



I am pleased to present the Annual Report for BC Pavilion Corporation (PavCo) for the year ended March 31, 2014.

PavCo's primary mandate is to increase economic benefit to British Columbia through the operation of the province's premier event facilities: BC Place and the Vancouver Convention Centre. Both are considered to be world-class facilities, attracting events ranging from international sport and live music to the renowned TED conference.

Together, BC Place and the Vancouver Convention Centre are proud to generate in excess of \$300 million in economic benefit for the province annually. These important venues attract thousands of people every year to our province, providing economic support to our hotel and tourism industries, as well as restaurants and other retail. Further, our venues serve as a gathering place for British Columbians from all walks of life and visitors from around the world.

2013/14 continues to build on the success of the organization with this year's highlights including: Taylor Swift's 'RED' Tour, NHL Heritage Classic and the TED 30<sup>th</sup> Anniversary Conference, the first time this prestigious event has been held outside the US.

As a result of events held over the last year, economic impact generated by the Vancouver Convention Centre from all spending from outside the Greater Vancouver Regional District was \$209 million. During the same period, economic impact from BC Place from all spending was \$145 million. In addition, BC Place welcomed 1.2 million people to its events, while the Vancouver Convention Centre generated more than 300,000 non-resident delegate days.<sup>1</sup>

2013/14 also demonstrated the combined impact of PavCo's facilities in attracting large scale events, with the announcement that Vancouver has secured the 2025 Alcoholics Anonymous Conference. This event alone will attract approximately 48,000 delegates, with an estimated direct spend of \$71 million. BC Place and the Vancouver Convention Centre were key factors in this achievement, assisting in securing the largest convention in British Columbia's history.

<sup>1</sup> The Vancouver Convention Centre creates its greatest economic impact by attracting delegates and exhibitors from outside of British Columbia (non-resident delegates) to events which would not have been hosted in the Province if the Convention Centre did not exist. An NRDD is a day when a non-British Columbian attended an event at the convention centre, and likely stayed at a local hotel and visited restaurants or other hospitality businesses.

# MESSAGE FROM THE CHAIR

In 2013/14 PavCo met all financial targets for the year. The overall deficit from operations of \$10.5 million was a significant improvement from budget, as a result of achieving higher operating revenues and conscientiously lowering operating costs at the same time.

Operating revenues for 2013/14, at \$60.9 million, exceeded both PavCo's target and 2012/13 results. Major events at BC Place generated new revenues and the Vancouver Convention Centre experienced revenue growth as well.

Cost restraint programs commenced in 2012/13 continued in 2013/14 and resulted in further reductions in operating costs. While facility costs were less than budgeted, the commencement of interest on the loan from the Province resulted in higher expenses than 2012/13.

While increasing economic benefit for the Province of British Columbia is of the utmost importance, PavCo continues to strive to improve its operating results through a combination of attendance-building and cost reduction initiatives.

Our priority for the year ahead is to build on our success and continue to increase the profile of, revenue earned and impact from, our world-class facilities. On behalf of the Board, I would like to thank the staff team for their hard work and dedication. Our priority for the year ahead is to build on our success and continue to increase the profile of, revenue earned and impact from, our world-class facilities.

On behalf of the Board I would like to thank the provincial government and Minister Stone for the ongoing support, investment and belief in PavCo and its ability to improve the well-being of all British Columbians.



**Stuart McLaughlin**  
Board Chair

MORE  
THAN **\$300 MILLION**  
IN ECONOMIC BENEFIT  
ANNUALLY

# ACCOUNTABILITY STATEMENT



The 2013/14 PavCo Annual Report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. I am accountable for the contents of the report, including what has been detailed in the report and how it has been reported.

The information presented reflects the actual performance of PavCo for the 12 months ended March 31, 2014 in relation to the 2013/14 to 2015/16 Revised Service Plan published in June 2013.

I am responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of June 11, 2014, have been considered in preparing the report.

The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate, direction, goals, strategies, measures or targets made since the 2013/14 to 2015/16 Revised Service Plan was released and any significant limitations in the reliability of data are identified in the report.

A handwritten signature in black ink, appearing to read 'Stuart McLaughlin'. The signature is written in a cursive, flowing style.

**Stuart McLaughlin**  
Board Chair

# OUR ORGANIZATION

BC Pavilion Corporation was formed under the *British Columbia Business Corporations Act*, and acts as an agent of the government under the *British Columbia Enterprise Corporation Act*. BC Pavilion Corporation registered 'PavCo' as a business name under the *Partnership Act (British Columbia)*.

## ABOUT PAVCO

PavCo is a provincial Crown corporation with a mandate to increase economic benefit to British Columbia through the management of two world-class public facilities located in downtown Vancouver: BC Place and the Vancouver Convention Centre.

From hosting global summit meetings to world-class sporting and entertainment events, PavCo performs on its mandate of generating economic and community benefit for the people of BC through the prudent management of its public facilities.

PavCo owns and operates BC Place and the Vancouver Convention Centre. It operates the East building of the convention centre under a lease with Port Metro Vancouver, a federal Crown corporation.

PavCo contributes significantly to the growth of the tourism and hospitality industries, as many out-of-town patrons travel throughout British Columbia before and after attending events at its facilities.

The expanded convention centre is the provincial flagship for conventions and meetings. BC Place is the largest indoor gathering place in British Columbia, and provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

Both of PavCo's facilities have undergone extensive revitalization and now offer the most sophisticated functionality, technology and architecture in their respective fields.

PavCo's shareholder is the Provincial Government. Principal stakeholders include the BC Lions Football Club and Vancouver Whitecaps FC. BC Place is proud to be the home of the Lions and Whitecaps - two successful sports teams that have a wide fan base across the province.

PavCo stakeholders also include: Tourism Vancouver, as a contributing partner to the expanded convention centre; the Government of Canada, Port Metro Vancouver; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; our neighbours and the general public.

# OUR ORGANIZATION

PavCo has three divisions:



Vancouver Convention Centre



BC Place



Corporate Services

## PavCo's Mandate

To generate economic and community benefit for the people of British Columbia through prudent management of public facilities.

## PavCo's Vision

To be the global leader in outstanding venues and events.

## PavCo's Values

Quality and Service;  
Respect, Fairness and Honest Communication;  
Financial Responsibility;  
Creativity and Innovation;  
Enthusiasm;  
Environmental Responsibility;  
Integrity.

More information can be found at [www.bcpavco.com](http://www.bcpavco.com)

# ABOUT THE VANCOUVER CONVENTION CENTRE



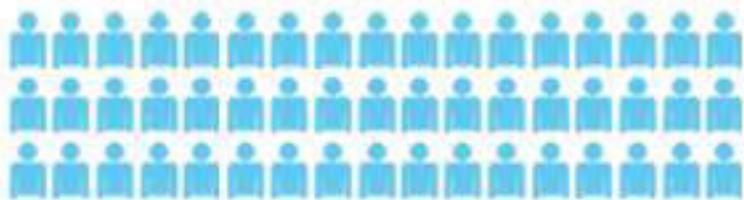
Located on Vancouver's waterfront with a dramatic mountain backdrop, the internationally award-winning Vancouver Convention Centre offers one of the most beautiful settings for meetings and events in the world, in addition to convenient access to major visitor amenities in the downtown core.

As British Columbia's flagship convention centre, the facility hosts more than 500 events and welcomes hundreds of thousands of attendees each year, while generating significant economic activity for the province.

The convention centre first served as the Canada Pavilion for the World's Fair Expo in 1986. Since then, it has tripled in size with the addition of its West building in April 2009, and is recognized as one of the leading convention centres in the world.

The Vancouver Convention Centre consists of two uniquely designed buildings, the iconic East building and connected West building, the world's first LEED® Platinum certified convention facility. With 466,500 square feet of pre-function, meeting, exhibition and ballroom space, the facility is able to host multiple, simultaneous events as well as large stand-alone events with upwards of 16,000 delegates.

The convention centre is designed with the latest environmentally sustainable features and technology, including a six-acre "living roof", a marine habitat and an on-site blackwater treatment plant. The centre also features Canada's largest waterfront ballroom with five-story high ceilings, open terraces, and floor-to-ceiling windows that offer breathtaking mountain and harbour vistas.



## 16,000 DELEGATES

 **SIGGRAPH 2011** LARGEST CONVENTION  
VANCOUVER TO DATE

“

Every aspect of planning and onsite execution was seamless. The level of service received was incredible. All the staff at the convention centre go above and beyond to satisfy the client.

*Amanda Frechette  
Conference Operations Administrator  
Canfilpro 2013  
Canadian Fitness Professionals*

”

# ABOUT THE VANCOUVER CONVENTION CENTRE

The convention centre is the first ever repeat winner of the International Association of Congress Centres (AIPC) Apex award for World's Best Convention Centre. Vancouver has consistently been named North America's top destination for international meetings by the International Congress and Convention Association (ICCA).

“

The Vancouver Convention Centre is likely the best convention facility we have ever had the pleasure of working with. From the location, the architecture, the organization and the beyond-excellent staff and management, the VCC is Vancouver's jewel in the crown for MICE business.

*Valérie Guillet  
Congress Director  
33rd Congress of the Société  
Internationale d'Urologie*

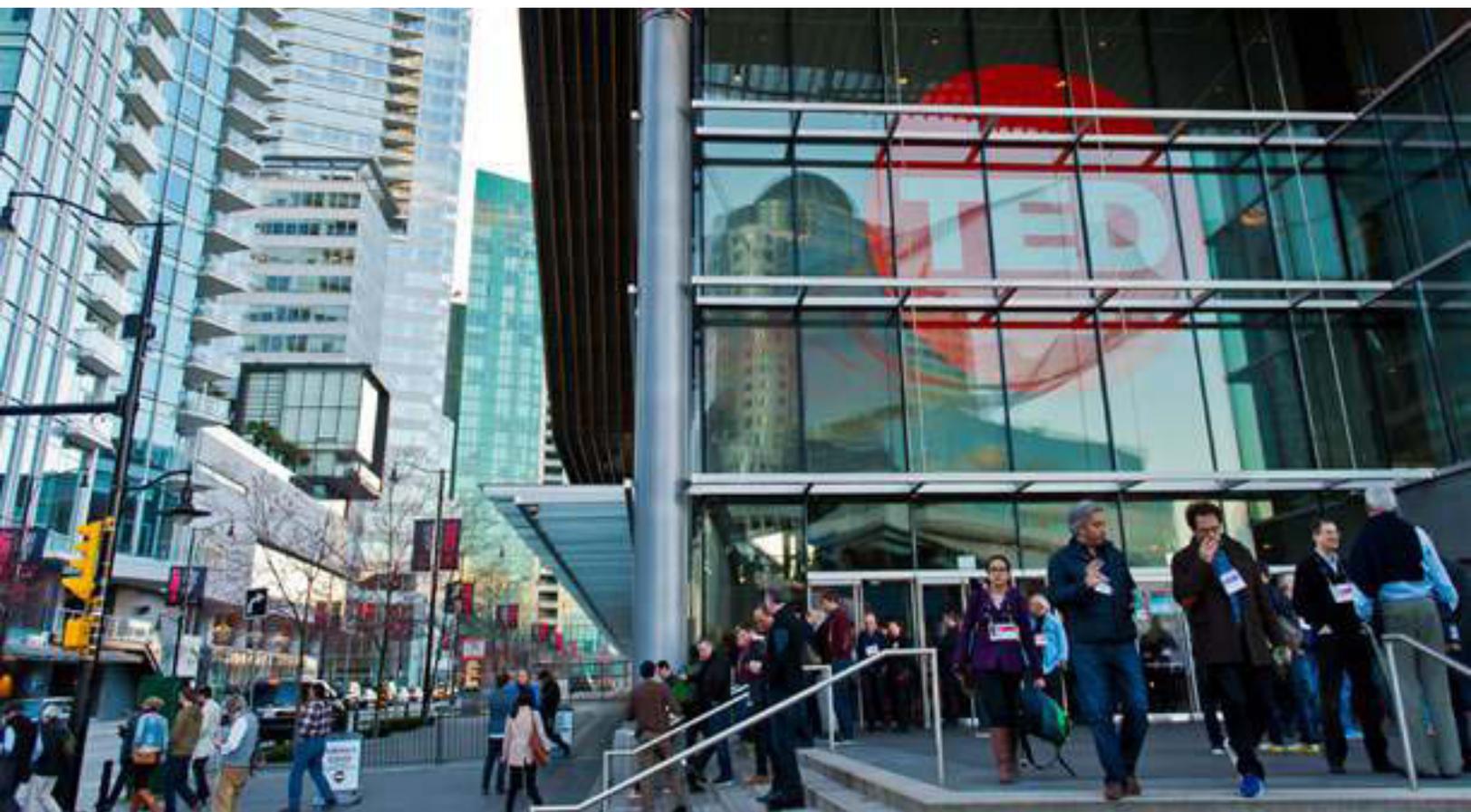
”

“

The conference was a resounding success, and we owe that to the dedication, flexibility and tireless efforts of each and every person involved. It truly was a group effort, and we sincerely appreciate all the time and hard work put forth by you and your team. Thank you again for helping make our events a true WOW experience for our attendees, and for us behind the scenes.

*Katherine McCartney  
Director, Operations  
ILD Conferences LLC  
TED2014*

”



# ABOUT BC PLACE



BC Place is an architectural signature for the Province and the largest sports, exhibition and entertainment venue of its kind in British Columbia.

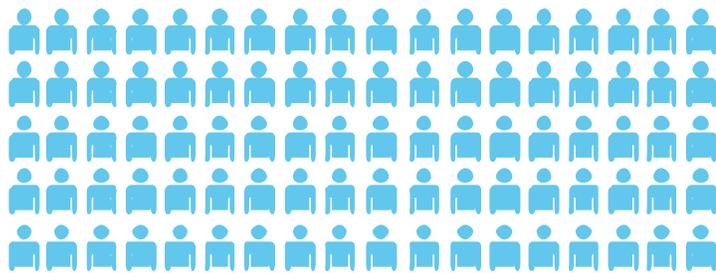
It ranks in the Top 100 stadiums in North America for capacity, with seating for 54,500 or more based on event configuration.

The stadium's spectacular retractable roof - the largest in the world - reveals over 7,500 square metres of sky and has created a year-round venue for events in the heart of downtown Vancouver.

BC Place is one of the most technologically advanced stadiums in the world. It boasts a cutting-edge spectrum of customizable features, such as high definition video displays, interior temperature control, incredible acoustics, retractable seating, and a FIFA 2-Star rated playing surface.

The "Northern Lights Roof Display" is a spectacular 36-foot façade lit up by thousands of individually-addressable, energy-efficient LED lights, creating colour animations that bring life to the Vancouver skyline. The display can light the stadium in a wide range of static colours and dynamic animations for events, and is used to raise awareness of community-based initiatives.

BC Place is also the home to two professional sports teams: the BC Lions of the Canadian Football League and the Vancouver Whitecaps of Major League Soccer. Together these two important tenants bring hundreds of thousands of spectators to the stadium annually.



**MORE THAN 1.2 MILLION  
PEOPLE  
ATTENDED EVENTS**

“

BC Place is a one of a kind stadium that provides more than just home field advantage for us. It's the best facility in the country and with the noise our fans make, it quickly becomes a very difficult place for opposing teams. BC Place has provided so many great memories and I can't wait to make more.

*Travis Lulay, Quarterback, BC Lions*

”

# ABOUT BC PLACE

The stadium is also proud to be the home of the BC Sports Hall of Fame.

In 2013/14, the stadium welcomed 1.2 million guests to events including the NHL Heritage Classic between the Vancouver Canucks and the Ottawa Senators, the 60<sup>th</sup> Season of the BC Lions and the start of the Vancouver Whitecaps' 40<sup>th</sup> Anniversary season.

Other events include: Canada's Women's National Soccer Team vs. Mexico, Skills Canada National Competition, CONTACT Winter Music Festival, the Times of India Film Awards, Vancouver Home & Design Show, BC Home & Garden Show, Vancouver International Boat Show, EAT! Vancouver Food and Cooking Festival, the Vancouver Sun Run, Monster Jam Monster Trucks, BCAA PlayDome Carnival and BC High School Football Championship.

“

Following the outstanding success of several groundbreaking shows in the last two years our partnership with BC Place has never been stronger. From Justin Timberlake and Jay Z to the expansion of the second annual CONTACT festival to two days, it's obvious fans are as excited as we are about bringing bigger and more diverse shows to the city.

*Paul Haagenon, President  
Live Nation Canada*

”

“

BC Place provided a terrific atmosphere for the 2014 Tim Hortons NHL Heritage Classic on an afternoon that concluded two historic months for the National Hockey League. The outstanding facility, a first-class staff and more than 54,000 fans made for a memorable afternoon.

*Dean Matsuzaki, Senior Vice President,  
NHL Events*

”



PavCo's Board of Directors provides leadership and direction to the organization in a manner consistent with directives set out by the Provincial Government. The Board consists of six members, all appointed by the Shareholder.

Mandate and priorities are communicated through the Government's annual *Letter of Expectations*. This letter serves as the basis of agreement between the Shareholder and PavCo, including the high-level performance expectations, public policy issues and strategic priorities.

The 2013/14 *Government's Letter of Expectations* between the Shareholder and PavCo, against which progress is being reported, was dated January 2013 and can be found on the PavCo website at [www.bcpavco.com/resources](http://www.bcpavco.com/resources).

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PavCo has developed a comprehensive charter of Board activities, as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practice Guidelines*. These can be found at [www.bcpavco.com/resources](http://www.bcpavco.com/resources).

The principles included in the Provincial Government's Governance Framework provide an understanding of the roles and responsibilities for all parties that are part of the Crown Corporation Governance Environment:

- stewardship, leadership and effective functioning of the Board;
- clarity of roles and responsibilities;
- openness, trust and transparency;
- service and corporate citizenship;
- accountability and performance;
- value, innovation and continuous improvement.

# OUR GOVERNANCE

PavCo's Board members and standing committees are as follows:

| Board/Committee             | Members    |   | Board/Committee Role  |
|-----------------------------|------------|---|---|
| Board of Directors          | Chair:     | Stuart McLaughlin   | Ensure the Board and management operate in good faith, in compliance with regulatory and legal requirements, and to the highest ethical and moral standards.<br><br>Individual biographies of the Board Chair and Directors are found at <a href="http://www.bcpavco.com/team">www.bcpavco.com/team</a> |
|                             | Directors: | Michael J. Ballingall<br>Theresa Breining<br>Frank W. Palmer<br>Stephanie Sharp<br>Don Zurowski<br><br>Peter Fassbender <sup>(i)</sup><br>Suzanne Anton <sup>(i)</sup><br>John A. Horning <sup>(ii)</sup><br>Alan Lowe <sup>(ii)</sup><br>Terrence A. Lyons <sup>(ii)</sup><br>David W. Guscott <sup>(ii)</sup> |   |
| Governance, Finance & Audit | Chair:     | Don Zurowski  | Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management, and other related matters. Oversee the financial reporting process. Review financial statements, audit plans, reports and controls with Auditors.  |
|                             | Members:   | Stephanie Sharp<br>Stuart McLaughlin  |   |
| Core Review                 | Chair:     | Stuart McLaughlin   | Provide advice and direction on revenue opportunities and efficiencies as part of Government's Core Review process.   |
|                             | Member:    | Stephanie Sharp   |   |
| Marketing                   | Chair:     | Michael Ballingall  | Oversee the marketing initiatives of the Vancouver Convention Centre and BC Place by providing guidance and assistance to achieve short and long-term business goals.   |
|                             | Members:   | Theresa Breining<br>Frank W. Palmer   |   |

(i) No longer serving the PavCo Board, as of May 2013

(ii) No longer serving the PavCo Board, as of October 2013

# THE EXECUTIVE TEAM

PavCo is led by a team of executives and management:

## Corporate Office



|              |  |
|--------------|--|
| Ken Cretney* | Interim President and Chief Executive Officer <sup>(1)</sup> |
| Rehana Din   | Chief Financial Officer <sup>(1)</sup>                       |
| Kim Campbell | Director, Finance <sup>(1)</sup>                             |
| Kate Hunter  | Director, Communications & Stakeholder Relations             |
| Julie Turner | Director, Executive Operations & Board Liaison               |

## Vancouver Convention Centre



|                   |                                   |
|-------------------|-----------------------------------|
| Craig Lehto       | Assistant General Manager         |
| Claire Smith, CMP | Vice-President, Sales & Marketing |
| Chris Gowe        | Director, Sales                   |
| Donna Hunter      | Director, Client Services         |
| Anthony Busby     | Director, Finance                 |
| Andrea Horton     | Director, Human Resources         |
| Dan Lee           | Director, Facility Operations     |

## BC Place



|                |  |
|----------------|--|
| Kathy deLisser | Assistant General Manager                    |
| Graham Ramsay  | Director, Sales & Marketing                  |
| Brian Griffin  | Director, Facility Operations                |
| Mike McFaul    | Director, Engineering and Maintenance        |
| Dan Quan       | Director, Finance                            |
| Vacant         | Director, Information Technology             |
| Deborah Dutton | Director, Event Operations                   |
| Wayne Smith    | Director, Human Resources & Labour Relations |

(1) Corporation Officers

\* Effective February 1, 2014, Ken Cretney (PavCo Chief Operating Officer) was appointed Interim President and CEO. Dana Hayden left her executive role with PavCo on January 31, 2014.

# OUR PERFORMANCE



PavCo's mandate is to create significant economic and community benefit for the people of British Columbia by developing, marketing and operating world-class public convention, sports and entertainment facilities.

We measure our progress every year through financial reporting and benchmarking within the convention/meeting industry as well as within the live sports and entertainment industry. PavCo continually strives to minimize operating costs and generate economic benefit for the province of BC.

## GENERATING ECONOMIC BENEFIT

PavCo's facilities generate more than \$300 million in estimated economic benefit for the province each year. This is generated through clients' and attendees' use of services and supplies provided by BC businesses; and attendees travelling to areas of British Columbia beyond Vancouver, before and after events.

In 2013/14, the economic impact at the Vancouver Convention Centre from all spending from outside the Greater Vancouver Regional District was \$209 million. During this time, the convention centre hosted nearly 560 events, including 54 conventions and 47 trade and consumer shows.

BC Place also contributes towards province-wide economic activity. The facility provides a venue for sports, entertainment, cultural and business activity that might not otherwise take place in British Columbia. In 2013/14, economic impact at BC Place from all spending was \$145 million with 1.2 million people welcomed to events as diverse as NHL Heritage Classic and Taylor Swift's 'RED' Tour.

# OUR PERFORMANCE

Similar to other facilities worldwide, operational revenues from the Vancouver Convention Centre and BC Place require ongoing financial support to cover operational and capital expenses. However, the Vancouver Convention Centre is forecasting 'break-even' in the coming years. During 2013/14, PavCo also undertook a Core Review, to identify further efficiencies and revenue opportunities.

## The Vancouver Convention Centre

**585,000** DELEGATES | **560** EVENTS  
**54** CONVENTIONS | **47** TRADE & CONSUMER SHOWS

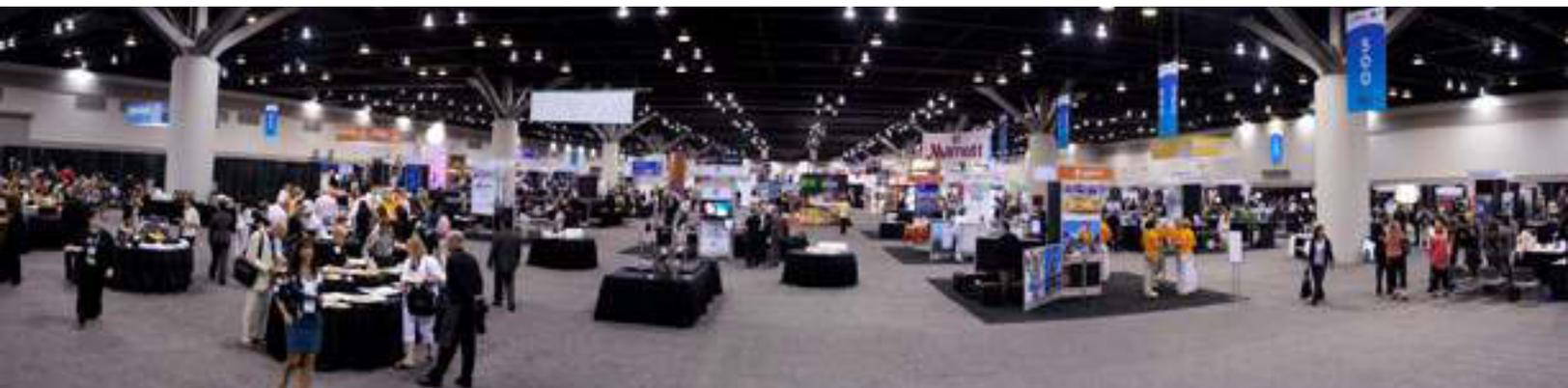
## ATTRACTING HIGH PROFILE EVENTS

Both the Vancouver Convention Centre and BC Place continue to be known as major venues, within British Columbia, across Canada and around the world.

During 2013/14, the Vancouver Convention Centre further enhanced its international reputation, as the host venue for the TED 30<sup>th</sup> Anniversary Conference. This was the first time that TED had been hosted outside the US, bringing 1,800 of the world's thought leaders to Vancouver.

During 2013/14, the convention centre welcomed more than 585,000 delegates to nearly 560 events, including 54 conventions and 47 trade and consumer shows. The Vancouver International Auto Show attracted more than 70,000 attendees, with the Pacific Dental Conference welcoming over 11, 000 delegates. Other highlights include:

- World Glaucoma Congress 3,679 attendees
- 2013 IEEE PES Annual Meeting 2,200 attendees
- American Academy of Otolaryngology 9,200 attendees
- SIU World Congress 2,086 attendees
- Family Medicine Forum 2013 3,400 attendees
- Kiwanis International Convention 4,880 attendees
- Society of Nuclear Medicine 4,855 attendees



# OUR PERFORMANCE

BC Place

**30+** CHARITIES AND COMMUNITY EVENTS SUPPORTED

**54,194** FANS FOR THE 2014 NHL HERITAGE CLASSIC

**19** WHITECAPS FC MATCHES

**11** BC LIONS HOME GAMES

During 2013/14, BC Place continued to strengthen its reputation for being a world-class, multi-purpose venue by hosting international live music, and high profile sporting events.

The stadium played host to two iconic live music tours, Taylor Swift's 'RED' Tour, as well as the 'LEG- ENDS OF SUMMER' Tour featuring Jay Z and Justin Timberlake. 2013/14 also proved to be a successful year for sporting events, with the stadium hosting the BC Lions Football Club (60th season), the Vancouver Whitecaps FC and the NHL Heritage Classic.

Other highlights of the year include:

- International Soccer - Canada's Women's National Soccer Team vs. Mexico
- Skills Canada National Competition
- CONTACT Winter Music Festival
- Vancouver Home & Design Show
- BC Home & Garden Show
- Vancouver International Boat Show
- EAT! Vancouver Food and Cooking Festival
- Monster Jam Monster Trucks
- BCAA PlayDome Carnival
- BC High School Football Championship



# OUR PERFORMANCE

## 30<sup>TH</sup> ANNIVERSARY OF BC PLACE

In June 2013, BC Place celebrated its 30<sup>th</sup> Anniversary - highlighting the variety of memorable events hosted during the last 30 years at the stadium. These include the Opening and Closing Ceremonies of the 2010 Olympic Winter Games, eight Grey Cup Championship games, Paul McCartney, Michael Jackson, and the 3 Tenors.

During the anniversary campaign BC Place invited residents to share their favourite memories from the last 30 years. Hundreds of stories were submitted through the province-wide contest. Responses included memories of visiting the original construction site in 1982, welcoming the world to the World's Fair Expo in 1986; and welcoming the world once again for the ceremonies of the 2010 Olympic Winter Games.

A selection of these stories are featured in a special booklet, available on the BC Place website.



# OUR PERFORMANCE

The following excerpts are a sample of the memories included in the booklet:

“

My first time going to BC Place is my favorite. It was with my dad when I was about 5 years old and that is where my love of football and love for the Lions started. This past October we lost my dad. Even 'till this day when I'm sitting at a game I think of the first time that my dad brought me to BC Place and this season it will be no different. It will be like my dad is right beside me, cheering on the team that we both love - the BC Lions.

- *Derek, Surrey*

“

My greatest memory is the 1994 Grey cup win by the BC Lions at HOME!!! My whole family including my 2 sisters, dad, and even mom... this doesn't happen very often. We got to run onto the field after the game and be part of the action. I was 16 years old and it still makes me smile every time I think of it!

- *Monica, Mission*

”

“

My most memorable moment at BC Place Stadium, was being in the building when Rick Hansen returned from his Man in Motion Tour. Tears streaming down my face, I don't think I've ever been more proud to be from Vancouver than at that very moment.

- *Sylvia, BC*

”

”

”

BC Place's 30<sup>th</sup> Anniversary celebrations brought back lifelong memories for thousands of British Columbians.

Visit the BC Place website for more stories  
[www.bcplacestadium.com](http://www.bcplacestadium.com)

# OUR IMPACT ON THE COMMUNITY



*CANstruction 2014*

Both the Vancouver Convention Centre and BC Place value the opportunity to engage with, and support, the local community.

During 2013/14, the 'Northern Lights' roof lighting display at BC Place helped raise awareness for a variety of community initiatives and charities, such as Autism Awareness, Canadian Cancer Society and the Variety Show of Hearts Telethon.

In 2013/14 the stadium also donated hundreds of tickets to Kids Up Front, a charitable organization that provides tickets to children who would not otherwise have the opportunity to attend events.

The Vancouver Convention Centre continues to partner with several local charities supporting communities in Vancouver's inner city as part of its Corporate Social Responsibility program. It is the largest single contributor to United We Can's recycling depot, a local organization that creates self-sustaining social enterprises with a focus on environmental sustainability, while creating income and job training opportunities for people with multiple barriers to traditional employment. The convention centre, through its official food and beverage partner supplier Centerplate, donates 100 percent of its beverage recyclables to United We Can's recycling depot.

Other organizations supported by the convention centre include the Greater Vancouver Food Bank Society, CANstruction Vancouver, and the Union Gospel Mission (UGM). The centre is one of the largest food donors to the UGM's meal program, donating kitchen over-production to this charity over the last 15 years.

# OUR IMPACT ON THE COMMUNITY

The convention centre also offers a Public Tour Program to connect with the local community and visitors. More than 11,000 people have been hosted on tours since the program was launched in 2009.

Over the course of 2013/14, the seawall path between Harbour Green Park and the Vancouver Convention Centre was completed. The seawall now provides a seamless link between Canada Place and Coal Harbour, and is popular with both walkers and cyclists alike.

As the owner of the water lot which is leased to Vancouver Harbour Flight Centre (VHFC), PavCo continues to support dialogue between Coal Harbour residents and VHFC, regarding the ongoing operation of VHFC. In addition, PavCo attends the North East False Creek Joint Working Group, which facilitates dialogue around the development of land adjacent to BC Place.



# CHALLENGES & OPPORTUNITIES

Both the Vancouver Convention Centre and BC Place face distinct challenges within their respective industries.

Competition within the convention and meetings industries, results in incentives being offered to encourage planners to book events further in the future, resulting in longer re-booking cycles. This brings the risk of reduced frequency of certain events and related impact on NRDDs. The Vancouver Convention Centre is striving to address this challenge and optimize its event calendar by identifying future clients whose needs align with target periods in future years.

As the world's first LEED® Platinum certified convention facility, the Vancouver Convention Centre is recognized as a leader in sustainability. Increased global awareness of sustainability issues and environmental impact also allows the convention centre to have a competitive edge in attracting and retaining business.

BC Place continues to work collaboratively with the two tenant sports teams, in an effort to establish an operating model that supports increased sponsorship and advertising revenue. However, this decreases the booking windows for other events such as live entertainment which is further compounded by the lack of large, stadium tours within the industry as a whole.

In addition to industry-wide challenges, BC Place is working to minimize disruption from the development, by Paragon Gaming, of an urban resort on land neighbouring the stadium. Management continues to work closely with Paragon Gaming to ensure that the development does not negatively impact stadium operations.

Despite the ongoing challenging global economy and market conditions, Vancouver continues to be successful in attracting North American and international conventions and events. Both BC Place and the Vancouver Convention Centre have developed marketing strategies, tailored to address ongoing economic challenges.

The Vancouver Convention Centre and BC Place also continue to work with industry stakeholders to bring new events to the province. This collaborative approach was recently successful in attracting the 2025 Alcoholics Anonymous Convention. This will be the largest convention in British Columbia's history with an estimated 48,000 delegates and an estimated \$71 million in direct spend.



=

**\$71**  
**MILLION**  
IN DIRECT SPEND

**48,000**  
**DELEGATES**

The 2013/14 Annual Report sets out PavCo's performance over the last year, assessed against goals identified within the Corporation's 2013/14 to 2015/16 Revised Service Plan.

Full details of the measures used to assess performance can be found online at: [bcpavco.com/resources/reports/](http://bcpavco.com/resources/reports/)

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## 2013/14 TO 2015/16 REVISED SERVICE PLAN

### Goals & Performance

The strategic goals detailed in the 2013/14 to 2015/16 Revised Service Plan are as follows:

- Optimize corporate profit and create economic benefits.
- Provide exceptional customer service.
- Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia.
- Maintain leading edge venue quality standards.
- Be an employer of choice.

#### GOAL 1

#### Optimize corporate profit and create economic benefits

#### Key strategies

Improve the return to the Shareholder on its investment in PavCo's facilities, primarily through the following:

- Creating a compelling vision and model for marketing the Vancouver Convention Centre and BC Place;
- Seeking events that will generate the maximum amount of economic benefits to our community;
- Seeking and creating high-profile events that will promote growth and support for British Columbia's business development;
- Pursuing global markets for long-term growth;
- Diversifying markets to stabilize long term business;
- Repositioning our facilities to be more flexible for users;
- Increasing operational efficiencies.

## Goal 1 – Optimize corporate profit and create economic benefits (cont.)

| Performance Measure  | Past Performance |         | 2013/14 Performance |         | Future Performance |         |         |
|--|------------------|---------|---------------------|---------|--------------------|---------|---------|
|  | 2011/12          | 2012/13 | Target              | Actual  | 2014/15            | 2015/16 | 2016/17 |
| <b>Impact from out-of-province (non-resident) attendance</b>   |                  |         |                     |         |                    |         |         |
| Economic impact at BC Place from spending by visitors from outside of British Columbia <sup>1</sup>                    | \$23m            | \$26m   | \$25m               | \$31m   | \$30m              | \$38m   | \$20m   |
| Economic impact at Vancouver Convention Centre from spending by visitors from outside of British Columbia <sup>2</sup> | N/A <sup>3</sup> | \$202m  | N/A <sup>3</sup>    | \$181m  | \$268m             | \$271m  | \$262m  |
| Delegate days to Vancouver Convention Centre by visitors from outside of British Columbia <sup>4</sup>                 | 535,000          | 347,000 | 425,000             | 304,000 | 450,000            | 450,000 | 450,000 |

1 Economic impact for BC Place is calculated using the BC Stats model. It is based on estimated expenditures by organizers, attendees, and other participants at BC Place events. This includes pre and post-event spending in the Province, and applying the multiplier effect through the economy of such spending. Projections for 2014/15 and future years are based on estimates by PavCo management, using the same criteria. BC Place works within a short booking cycle, due to the nature of its events. There are currently no special events forecasted for 2016/17.

2 Economic impact for the Vancouver Convention Centre is calculated using the BC Stats model. It is based on: surveyed or estimated expenditures by organizers and visitors at events; subsequent spending in the Province following the event; the multiplier effect through the economy of such spending. Projections for 2014/15 and future years are based on estimates by PavCo management, using the same criteria.

3 Figures were not available at the time of publication of the 2013/14 to 2015/16 Revised Service Plan.

4 Delegate days for attendees at Vancouver Convention Centre for 2013/14 were actual days recorded in PavCo's event management system. 2013/14 performance was lower than target due to some conventions having lower than anticipated attendance numbers. The economic downturn from 2008 had a direct impact on event bookings. As major conventions are typically confirmed three to five years out, many convention organizers were reluctant to confirm during a challenging economy. Delegate days for 2014/15 and onwards are based on confirmed bookings in the event management system, tentative bookings and an estimate of future bookings based on previous attendance statistics.

## Goal 1 – Optimize corporate profit and create economic benefits (cont.)

| Performance Measure  | Past Performance |          | 2013/14 Performance |          | Future Performance |          |           |
|--|------------------|----------|---------------------|----------|--------------------|----------|-----------|
|  | 2011/12          | 2012/13  | Target              | Actual   | 2014/15            | 2015/16  | 2016/17   |
| <b>Impact from all performance</b>   |                  |          |                     |          |                    |          |           |
| Economic impact at BC Place from all spending <sup>1</sup>   | \$71m            | \$122m   | \$115m              | \$145m   | \$125m             | \$143m   | \$100m    |
| Economic impact at Vancouver Convention Centre from all spending from outside Greater Vancouver Regional District <sup>2</sup> | N/A <sup>3</sup> | \$237m   | N/A <sup>3</sup>    | \$209m   | \$310m             | \$321m   | \$315m    |
| Delegate days for all visitors outside Greater Vancouver Regional District to Vancouver Convention Centre <sup>4</sup>         | 674,000          | 441,000  | 531,000             | 385,000  | 531,000            | 563,000  | 563,000   |
| Total attendance at BC Place events <sup>5</sup>   | 646,000          | 1,230m   | 1,140m              | 1,192m   | 1,128m             | 1,306m   | 1,137m    |
| Corporate operating deficit/income before government contributions (\$ millions) <sup>6</sup>                                  | \$14.130         | \$22.699 | \$26.046            | \$19.482 | \$22.625           | \$22.200 | (\$7.276) |

<sup>5</sup> Attendance at BC Place is the total of announced attendance by show managers for attendance at their events.

<sup>6</sup> The corporate deficit before government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses. Operating gains/(losses) before interest, amortization and contributions (\$ millions) are:- 2012/13 : (\$13,737), 2013/14 : (\$5,496), 2014/15 : (\$11,058), 2015/16 : (\$8,471) and 2016/17: \$6,362. 2014/15 includes the impact of the commencement of interest charges. Corporate deficit for 2016/17 includes a proposed land sale.

## GOAL 2 Provide exceptional customer service

### Key strategies

- Ensure event planning and operations are client-centric;
- Provide an exceptional service culture;
- Ensure PavCo and its suppliers' staff provide seamless, superior service.

Guest and client satisfaction at BC Place were previously reported as a combined measure. Each customer group's level of satisfaction is now measured and reported separately.

| Performance Measure   | Past Performance |                  | 2013/14 Performance |        | Future Performance |         |         |
|---|------------------|------------------|---------------------|--------|--------------------|---------|---------|
|   | 2011/12          | 2012/13          | Target              | Actual | 2014/15            | 2015/16 | 2016/17 |
| <b>Impact from out-of-province (non-resident) attendance</b>        |                  |                  |                     |        |                    |         |         |
| Service Quality –<br>- Loyalty Index Convention Centre <sup>1</sup> | 9.0/10           | 9.3/10           | 9.0/10              | 9.2/10 | 9.1/10             | 9.1/10  | 9.1/10  |
| - Client satisfaction BC Place <sup>2</sup>                         | N/A <sup>4</sup> | N/A <sup>4</sup> | N/A <sup>4</sup>    | 3.9/5  | 4.0/5              | 4.0/5   | 4.0/5   |
| - Guest satisfaction BC Place <sup>3</sup>                          | N/A <sup>4</sup> | 4.1/5            | N/A <sup>4</sup>    | 4.1/5  | 4.2/5              | 4.3/5   | 4.3/5   |

1 At Vancouver Convention Centre a Client Loyalty Index is used to measure service quality. This combines overall satisfaction with the clients' likelihood to rebook and recommend the facility. The survey, which is sent to selected clients, includes questions on: overall satisfaction, value for price, building and amenities, proud to hold events at the Centre and trust in the Centre. Results are combined to determine an overall Loyalty Index that is measured as a score out of 10.

2 The PavCo 2013/14 to 2015/16 Revised Service Plan did not include targets for this performance measure. During 2013/14, a comprehensive on-line Client Satisfaction Survey was developed and sent to all clients who held events at BC Place. The survey measures client experience from the time of booking, up to preparation of the final billing for the event. Scores form a total out of 5.

3 The PavCo 2013/14 to 2015/16 Revised Service Plan did not include targets for this performance measure. Guest satisfaction results are now collected via touch-screen stations distributed throughout the Stadium. Results are collected during BC Lions games, Whitecaps FC matches and other events. Data from the survey measures guest satisfaction in guest service, food and beverage, and overall experience at the facility.

4 Figures were not available at the time of publication of the 2013/14 to 2015/16 Revised Service Plan

## GOAL 3 Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia

PavCo tracks the number of events that we attract in cooperation with our various stakeholders and partners. Our activities involve working collaboratively with Tourism Vancouver, the Vancouver Hotel Destination Association and the Canadian Tourism Commission to attract conventions, meetings and events.

### Key strategies

- Develop and grow collaborative business relationships.

| Performance Measure  | Past Performance |         | 2013/14 Performance |        | Future Performance |         |         |
|--|------------------|---------|---------------------|--------|--------------------|---------|---------|
|  | 2011/12          | 2012/13 | Target              | Actual | 2014/15            | 2015/16 | 2016/17 |
| <b>Events occurring that we secured in partnership with our stakeholders</b>                     |                  |         |                     |        |                    |         |         |
| Number of events that are attracted or implemented in cooperation with stakeholders <sup>1</sup> |                  |         |                     |        |                    |         |         |
| - BC Place   | 2                | 5       | 6                   | 7      | 7                  | 7       | 7       |
| - Vancouver Convention Centre  | 28               | 22      | 25                  | 25     | 28                 | 30      | 30      |

<sup>1</sup> This represents major events expected to occur during the year that were booked with the assistance of, or referred to us through stakeholders. Source data is kept in the booking files.

## GOAL 4 Maintain leading edge venue quality standards

### Key strategies

- Determine best practices, processes and quality standards for operations of similar venues. Identify targets against those standards for PavCo's facilities to achieve;
- Ensure staff and service providers are appropriately trained and equipped to help PavCo achieve and surpass the benchmark quality standards.

During the course of 2013/14, PavCo has been in the process of determining quality standards, based on data within the event and venue management industry. This process is ongoing and PavCo anticipates that performance measures will be in place by the third quarter of 2014/15.

## GOAL 5 Be an employer of choice

- Provide clarity around goals, objectives and values of PavCo;
- Support employee diversity and develop a flexible workplace culture;
- Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals.

Table on next page. ▶

## GOAL 5 Be an employer of choice

| Performance Measure  | Past Performance |                  | 2013/14 Performance |        | Future Performance   |         |         |
|--|------------------|------------------|---------------------|--------|--|---------|---------|
|  | 2011/12          | 2012/13          | Target              | Actual | 2014/15  | 2015/16 | 2016/17 |
| <b>Employee engagement</b>   |                  |                  |                     |        |  |         |         |
| Employee involvement – retention of all staff at BC Place <sup>1</sup> | N/A <sup>4</sup> | 78%              | 82%                 | 70%    | 82%  | 84%     | 85%     |
| Employee engagement - BC Place <sup>2</sup>                            | N/A <sup>4</sup> | N/A <sup>4</sup> | N/A <sup>4</sup>    | 3.8/5  | Employee surveys conducted in 2013/14 will inform future targets |         |         |
| - Vancouver Convention Centre <sup>3</sup>                             | 4.3/5            | 4.3/5            | 4.4/5               | 4.3/5  | 4.3/5  | 4.3/5   | 4.3/5   |

1 During 2013/14, the model used to measure employee retention at BC Place was modified as part of PavCo's People Strategy. This is reflected in the actual results for this fiscal year, which are lower than target (due to the target being established under a different model). BC Place now measures voluntary terminations against planned staffing levels – and measures retention rates based on the difference between these two numbers. Due to BC Place having a unique operating model, there are no published, industry-standard turnover rates to draw from. Given the seasonal nature of the stadium business; employee turnover tends to be higher than other industries. Management is also exploring statistical comparisons in order to establish a benchmark within the industry.

2 During fiscal 2013/14, all full-time, part-time and casual (event) employees at BC Place participated in an employee engagement survey in partnership with Ipsos. The results of the survey indicate an employee engagement index (EEI) of 3.8 out of 5, marginally lower than the Canadian public sector benchmark of 3.9 (according to Ipsos). Note that the Canadian public sector's EEI is calculated using a slightly different set of attributes. While it is not directly comparable to BC Place's EEI, it provides a baseline target.

3 All full-time and part-time employees at Vancouver Convention Centre are invited to participate in employee surveys that measure employee ratings on: communication and direction, management effectiveness, commitment to results, job satisfaction, treatment respect and balance, organizational satisfaction and commitment, retention and development, familiarity with Vancouver Convention Centre's service standards. Where possible, normative scores were included in this report for benchmarking purposes. The normative scores are taken from the Ipsos National Workplace Survey which was conducted online in April 2011 with 1,575 employees who work at least 30 hours a week. The purpose of these normative scores is to provide the Vancouver Convention Centre with a broad indicator of how its employees compare against other Canadian employees. According to the 2011 report, the Canadian benchmark for overall employee engagement is 3.9/5.

4 Figures were not available at the time of publication of the 2013/14 to 2015/16 Revised Service Plan,

# GOVERNMENT'S LETTER OF EXPECTATIONS

PavCo's sole Shareholder is the Province of British Columbia. The 2013/14 *Government's Letter of Expectations* outlines the roles and responsibilities of PavCo as outlined below:

| Action   | Progress   |
|--|--|
| <p>Report back on the Corporation's sales and marketing program for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program and that support tripling non-resident delegate days by 2015.</p> | <p>The Vancouver Convention Centre met this target during 2011/12 and is projected to meet it once again in 2014/15. During 2013/14 the Convention Centre welcomed more than 585,000 delegates with over 300,000 non-resident delegate days (NRDDs).</p> <p>The convention centre continues to adopt a comprehensive sales and marketing program, with aims such as business diversification and the expansion of international markets.</p>   |
| <p>Take the lead on marketing the Vancouver Convention Centre to the international marketplace. In addition, PavCo will act as a resource in the development of strategy and marketing initiatives for regional British Columbia conference centres.</p>         | <p>The Vancouver Convention Centre continues its program of collaboration and information sharing with regional conference centres across BC. This includes exploring opportunities for facilitated learning, education sessions and sharing of best practices.</p>  |
| <p>Report back on marketing plans for the revitalized stadium that support increasing attendance and economic benefits.</p>  | <p>BC Place's marketing strategies have continued to focus on the entertainment and live events industry. This has brought success in a number of events such as Taylor Swift's 'RED' Tour (estimated \$10 million in economic benefit), the 'LEGENDS OF SUMMER' Tour featuring Justin Timberlake and Jay Z (estimated \$10 million in economic benefit) and the NHL Heritage Classic (estimated \$15 million in economic benefit).</p> <p>In addition to live events, PavCo continues to explore sponsorship, sales and advertising models in collaboration with the BC Lions Football Club and Vancouver Whitecaps FC. During 2013/14, BC Place introduced a series of initiatives to enhance food and beverage offerings at the stadium. Results of these initiatives are expected to be seen during 2014/15.</p> |

# GOVERNMENT'S LETTER OF EXPECTATIONS

| Action   | Progress   |
|--|--|
| <p>Continue to explore options and maximize private sector revenue for the public facilities owned/ managed by the Corporation, and minimize reliance on government funding.</p>                       | <p>PavCo continues to work with Paragon Gaming, with regard to the development of a casino/hotel complex on BC Place lands.</p> <p>During 2013/14, PavCo conducted a Core Review with the aim of identifying efficiencies across the organization. PavCo also continues to explore additional strategies to drive revenue and attendance at its facilities.</p>  |
| <p>Contribute to the BC Provincial Government's climate action objectives and comply with the requirement to be carbon neutral in accordance with the <i>Greenhouse Gas Reduction Targets Act</i>.</p> | <p>PavCo has met the requirement to be carbon neutral and implemented government's SMARTTOOL program to track and report on the organization's greenhouse gas emissions.</p> <p>The Vancouver Convention Centre West was awarded LEED® platinum status and continues to seek new ways to reduce greenhouse gas emissions.</p> <p>In 2012, BC Place was recognized as a finalist in the BC Hydro PowerSmart Excellence Awards in the 'New Construction' Category.</p> <p>PavCo continues to explore ways to improve its recycling and energy savings plans.</p> |

The 2013/14 *Government's Letter of Expectations* can be found online at:  
[www.bcpavco.com/resources](http://www.bcpavco.com/resources)



## MANAGEMENT DISCUSSION AND ANALYSIS

BC Pavilion Corporation (PavCo) is a provincial Crown corporation with a mandate to increase economic benefit to British Columbia through the management of two world-class public facilities located in downtown Vancouver: BC Place and the Vancouver Convention Centre.

From hosting global summit meetings to world-class sporting and entertainment events, PavCo performs on its mandate of generating economic and community benefit for the people of BC through the prudent management of its public facilities.

## FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2014

Overall results for 2013/14 showed a net loss of \$10.505 million relative to a budgeted loss of \$17.069 million. The positive variance of \$6.564 million was due to the achievement of better revenues than projected and greater efficiencies which resulted in reduced costs.

For the third consecutive year, event revenues reached new highs and in the current year established a record at \$50.851 million. This was achieved primarily by stronger than anticipated performance at BC Place where five major events contributed \$4.583 million in revenue. The diversity of these events demonstrates the ability of BC Place to deliver unforgettable experiences that exceed the expectations of fans and show promoters. While lower than budgeted, event revenues at the Vancouver Convention Centre increased by \$0.876 million over the prior year.

The Vancouver Convention Centre also leases space to restaurant, retail, and other businesses. This generated \$3.499 million in revenue, exceeding both budget and prior year results.

Facility operating costs were \$2.499 million less than budget in 2013/14. Significant positive variances resulted from business development, general and administrative, operating and utility costs. Additionally, in 2012/2013 the Corporation implemented a cost reduction program which continued in 2013/2014.

In accordance with the terms of the loan agreement with the Province of British Columbia, PavCo started to incur interest charges of \$7.326 million in 2013/14 on its loan compared with nil in 2012/13.

Reflecting the capital nature of PavCo, amortization of capital assets continued to account for approximately 40% of total costs at \$48.338 million. During 2013/14 capital expenditures of \$2.744 million represented a broad range of items including the completion of the seawall path between Harbour Green Park and the Vancouver Convention Centre, new equipment at the Vancouver Convention Centre and BC Place and leasehold improvements at the Vancouver Convention Centre's East building.

## FUTURE OUTLOOK

For 2014/15, PavCo will continue to focus on marketing initiatives with a continued emphasis on service excellence. In addition, cost reduction initiatives identified during 2013/14 will be implemented, with a view to generating efficiencies for the Corporation.

2014/15 is forecasted to be a record setting year for the Vancouver Convention Centre.

Highlights of major upcoming events include the SIGGRAPH 2014 Annual Conference (International Conference on Computer Graphics and Interactive Techniques), with an estimated 15,500 delegates; the AME BC Mineral Exploration Roundup Conference with 8,000 delegates; the CIM (Canadian Institute of Mining, Metallurgy and Petroleum) 2014 Convention and Expo with 6,100 delegates, the MLA (Modern Language Association) 2015 conference with 7,200 delegates and the return of the Vancouver International Auto Show with an estimated 12,000 attendees per day.

The Vancouver Convention Centre will also welcome a diverse range of events in the coming year, including consumer and trade shows, meetings, banquets and special events. Additional business will continue to be booked to maximize use of space.

While BC Place continues to actively pursue world-class stadium entertainment shows, the market place is very challenging. The limited number of stadium-sized shows results in fewer opportunities. In addition, these types of events generally have shorter booking cycles. As a result, the forecast for 2014/15

reflects the uncertainty in the number of these types of events.

BC Place proudly continues to be the home of the Vancouver Whitecaps FC and the BC Lions Football Club, and our success is in part influenced by these teams. In 2014/15, BC Place will continue to explore new sponsorship and advertising models, offer exciting food and beverage products and enhanced attendee experiences. PavCo is optimistic that revenues will continue to grow.

BC Place will once again host the Grey Cup in November 2014. With numerous Grey Cup events at the Vancouver Convention Centre the synergies of operating both facilities will be readily apparent.

In addition, BC Place is excited to have been chosen to host six preliminary matches and the final match for the Fédération Internationale de Football Association (FIFA) Women's World Cup in 2015. This world class sporting event will showcase the revitalized BC Place to the world.

## Comparison of Financial Results with Budget and Prior Year (In 000s) Explanation of Variances

|   | Fiscal<br>2013/14 | Fiscal<br>2013/14 | Better<br>(Worse) | Explanation of Variance from Budget  | Fiscal<br>2012/13 | Better<br>(Worse) | Explanation of Variance from Prior Year  |
|---|-------------------|-------------------|-------------------|--|-------------------|-------------------|--|
|   | Actual            | Budget            | Budget            |  | Actual            | Prior Year        |  |
| <b>Revenues</b>   |                   |                   |                   |  |                   |                   |  |
| Event revenues  | 50,851            | 50,646            | 205               | The improvement from budget is primarily the result of a successful increase in revenues resulting from incremental entertainment events at BC Place Stadium (BCP) offset by lower than budgeted food & beverage revenues at Vancouver Convention Centre (VCC) | 47,812            | 3,039             | The improvement over the prior year is the result of an improvement in revenues at both BCP and VCC resulting from an increase in entertainment and special events at BCP and an increase in overall events at VCC |
| Lease revenues  | 3,536             | 2,799             | 737               | Increased occupancy at VCC combined with stronger tenant recoveries  | 3,050             | 486               | Increased occupancy at VCC combined with stronger tenant recoveries  |
| Miscellaneous revenues  | 6,191             | 2,915             | 3,276             | Increase is due to the provision of funds related to future maintenance of assets  | 3,437             | 2,754             | Increase is due to the provision of funds related to future maintenance of assets  |
| Interest revenue  | 273               | 100               | 173               |  | 434               | (161)             |  |
| <b>Revenues</b>   | <b>60,851</b>     | <b>56,460</b>     | <b>4,391</b>      |  | <b>54,733</b>     | <b>6,118</b>      |  |
| <b>Expenses</b>   |                   |                   |                   |  |                   |                   |  |
| Event direct costs  | 28,507            | 28,292            | (215)             | Higher costs associated with the increase in related revenues  | 27,162            | (1,345)           | Higher costs associated with the increase in related revenues  |
| Salaries, wages and benefits  | 16,454            | 15,920            | (534)             | Combination of factors including transition to holdbacks and other compensation related matters  | 16,189            | (265)             |  |
| Operating expenses  | 14,220            | 15,247            | 1,027             | Lower expenditures on a broad range of general building maintenance activities as well utilities cost reductions as result of continued efforts to reduce energy consumption   | 14,141            | (79)              |  |
| General and administration  | 3,879             | 4,490             | 611               | Implementation of Core Review cost reduction programs resulted in significant cost savings   | 4,420             | 541               | Implementation of Core Review cost reduction programs resulted in significant cost savings   |
| Business development  | 878               | 1,779             | 901               | Lower than budgeted expenditures due to deferred sales and marketing activities  | 4,024             | 3,146             | Prior year results included costs related to securing 2014 Grey Cup and associated revenues  |
| Professional consulting fees  | 2,257             | 2,403             | 146               |  | 2,534             | 277               | Reduction in legal costs over the prior year   |
| Redevelopment   | 152               | 500               | 348               | Variance is related to timing delays of the Paragon development  | -                 | (152)             |  |
| <b>Expenses</b>   | <b>66,347</b>     | <b>68,631</b>     | <b>2,284</b>      |  | <b>68,470</b>     | <b>2,123</b>      |  |
| <b>Operating Income (Loss) before Interest, Amortization and Deferred Contributions</b> | <b>(5,496)</b>    | <b>(12,171)</b>   | <b>6,675</b>      |  | <b>(13,737)</b>   | <b>8,241</b>      |  |
| Deferred Contributions  | 50,655            | 51,546            | (891)             | Reduced amortization of deferred contributions   | 51,730            | (1,075)           | Prior year reflected contribution towards Grey cup, offset by additional amortization of operating contribution  |
| Amortization expense  | (48,338)          | (49,131)          | 793               | Reduced amortization of deferred contributions relating to lower than budgeted capital asset base  | (48,208)          | (130)             |  |
| Interest on long term debt  | (7,326)           | (7,314)           | (12)              |  |                   | (7,326)           | Current year results reflect the commencement of interest on Pavco's long term debt  |
| <b>Net Income</b>   | <b>(10,505)</b>   | <b>(17,070)</b>   | <b>6,565</b>      |  | <b>(10,215)</b>   | <b>(290)</b>      |  |

**Consolidated Financial Operating Results and Forecasts**  
(In the format presented in the 2014/15 to 2016/17 Service Plan)  
**Fiscal 2009/10 to 2016/17**  
**Unaudited**  
(in \$000s)

|   | Fiscal 2009/10<br>Actual | Fiscal 2010/11<br>Actual | Fiscal 2011/12<br>Actual | Fiscal 2012/13<br>Actual | Fiscal 2013/14<br>Actual | Fiscal 2014/15<br>Budget | Fiscal 2015/16<br>Budget | Fiscal 2016/17<br>Budget |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Revenue from operations                                   | 33,348                   | 53,764                   | 83,458                   | 54,733                   | 60,851                   | 60,101                   | 61,720                   | 74,744                   |
| Contributions   |                          |                          |                          |                          |                          |                          |                          |                          |
| Sustaining  | 38,674                   | 18,306                   | 15,604                   | 12,484                   | 8,977                    | 11,242                   | 8,992                    | 8,992                    |
| Deferred Contributions                                    | 26,327                   | 26,983                   | 34,859                   | 39,246                   | 41,678                   | 38,293                   | 36,842                   | 38,590                   |
| <b>Total Revenues</b>                                     | <b>98,349</b>            | <b>99,053</b>            | <b>133,921</b>           | <b>106,463</b>           | <b>111,506</b>           | <b>109,636</b>           | <b>107,554</b>           | <b>122,326</b>           |
| Expenses  |                          |                          |                          |                          |                          |                          |                          |                          |
| Cost of sales   | 14,668                   | 21,834                   | 27,314                   | 27,162                   | 28,507                   | 30,000                   | 30,696                   | 29,113                   |
| Staffing  | 13,558                   | 13,311                   | 15,526                   | 16,189                   | 16,454                   | 16,902                   | 17,046                   | 17,154                   |
| Operating   | 14,776                   | 11,304                   | 14,707                   | 14,141                   | 14,220                   | 14,335                   | 14,793                   | 14,392                   |
| General and administration                                | 4,187                    | 4,336                    | 4,941                    | 4,420                    | 3,879                    | 4,105                    | 4,050                    | 4,073                    |
| Business development                                      | 7,330                    | 2,925                    | 2,421                    | 4,024                    | 878                      | 1,423                    | 1,458                    | 1,500                    |
| Fees  | 1,746                    | 2,191                    | 2,857                    | 2,534                    | 2,257                    | 1,894                    | 1,898                    | 1,900                    |
| Redevelopment   | 2,283                    | 12,985                   | 25,001                   | -                        | 152                      | 2,500                    | 250                      | 250                      |
| Extraordinary expense                                     | 13,250                   | -                        | -                        | -                        | -                        | -                        | -                        | -                        |
| Loan interest   | -                        | -                        | -                        | -                        | 7,326                    | 7,255                    | 7,167                    | 7,076                    |
| Amortization  | 26,551                   | 30,167                   | 39,680                   | 48,208                   | 48,338                   | 44,855                   | 43,404                   | 45,152                   |
| <b>Total Expenses</b>                                     | <b>98,349</b>            | <b>99,053</b>            | <b>132,447</b>           | <b>116,678</b>           | <b>122,011</b>           | <b>123,269</b>           | <b>120,762</b>           | <b>120,610</b>           |
| <b>Net Income (deficit) after Government contribution</b> | <b>-</b>                 | <b>-</b>                 | <b>1,474</b>             | <b>(10,215)</b>          | <b>(10,505)</b>          | <b>(13,633)</b>          | <b>(13,208)</b>          | <b>1,716</b>             |
| <b>Accumulated surplus (deficit)</b>                      |                          | <b>99,073</b>            | <b>100,547</b>           | <b>90,332</b>            | <b>79,827</b>            | <b>66,194</b>            | <b>52,986</b>            | <b>54,702</b>            |
| <b>Debt</b>   | <b>29,731</b>            | <b>150,000</b>           | <b>150,000</b>           | <b>150,000</b>           | <b>149,171</b>           | <b>147,452</b>           | <b>145,648</b>           | <b>143,754</b>           |
| Major Capital Expenditures                                | 121,686                  | 205,699                  | 195,111                  | 1,951                    | -                        | 12,000                   | -                        | -                        |
| Annual sustaining capital work                            | 551                      | 1,356                    | 4,031                    | 5,114                    | 2,744                    | 7,820                    | 10,320                   | 8,020                    |

The above financial information, including budget information was prepared in accordance with the Budget Transparency and Accountability Act. Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense.

# Financial Statements    March 31, 2014

## **B.C. Pavilion Corporation**

### **Statement of Management Responsibility**

The financial statements of the B.C. Pavilion Corporation have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Systems of internal control are developed and maintained by management to provide reasonable assurance that reliable information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The B.C. Pavilion Corporation Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. The Board reviews internal financial statements at each meeting and external audited financial statements annually. Significant financial reporting or internal control matters are discussed by the Board and its Audit and Finance Committee prior to their approval of the corporation's financial statements.

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the B.C. Pavilion Corporation financial statements. The auditors have full and free access to financial management of B.C. Pavilion Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements for B.C. Pavilion Corporation.



Stuart McLaughlin  
Chair – Board of Directors



Rehana Din  
Chief Financial Officer

Vancouver, British Columbia  
June 11, 2014



## **INDEPENDENT AUDITOR'S REPORT**

*To the Board of Directors of B.C. Pavilion Corporation, and  
To the Minister of Transportation and Infrastructure, Province of British Columbia*

I have audited the accompanying financial statements of B.C. Pavilion Corporation (“the entity”), which comprise the statement of financial position as at March 31, 2014, and the statement of operations and changes in accumulated surplus, statement of changes in net financial assets (debt) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, 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.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements of B.C. Pavilion Corporation for the year ended

March 31, 2104, are prepared, in all material respects, in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

***Emphasis of Matter***

Without modifying my opinion, I draw attention to Note 3 to the financial statements which discloses that the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia are in accordance with Canadian public sector accounting standards except in regard to the accounting treatment of government transfers. Note 23 to the financial statements discloses the impact of these differences.

Victoria, British Columbia  
June 11, 2014



Russ Jones, MBA, CA  
Auditor General

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

|  | <i>Note</i> | March 31<br>2014 | March 31<br>2013 |
|--|-------------|------------------|------------------|
| <b>Financial Assets</b>                          |             |                  |                  |
| Cash and cash equivalents                        | 6           | 20,614           | 24,111           |
| Accounts receivable                              | 7           | 27,720           | 30,361           |
| Due from government                              | 8           | -                | 497              |
|  |             | 48,334           | 54,969           |
| <b>Liabilities</b>                               |             |                  |                  |
| Accounts payable and accrued liabilities         | 9           | 23,401           | 21,201           |
| Due to government                                | 8           | 59               | -                |
| Employee leave liability                         | 10          | 663              | 739              |
| Deferred revenue                                 | 11          | 42,128           | 43,118           |
| Deferred contributions – other                   | 12          | 15,740           | 17,405           |
| Deferred contributions – government              | 13,23       | 998,814          | 1,038,827        |
| Long term debt                                   | 14          | 149,171          | 150,000          |
|  |             | 1,229,976        | 1,271,290        |
| <b>Net financial assets (debt)</b>               |             | (1,181,642)      | (1,216,321)      |
| <b>Non-financial assets</b>                      |             |                  |                  |
| Tangible capital assets                          | 15          | 1,259,769        | 1,305,381        |
| Inventories held for use                         |             | 59               | 59               |
| Prepaid expenses                                 | 16          | 1,641            | 1,213            |
|  |             | 1,261,469        | 1,306,653        |
| <b>Accumulated surplus</b>                       | 23,25       | <b>79,827</b>    | <b>90,332</b>    |
| <b>Contingencies and contractual obligations</b> | 17          |                  |                  |



Stuart McLaughlin  
Chair – Board of Directors



Don Zurowski  
Chair - Governance, Finance, and Audit Committee

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)

|   | <i>Note</i> | March 31, 2014   |          | March 31<br>2013 |
|---|-------------|------------------|----------|------------------|
|   |             | Budget           | Actual   | Actual           |
|   |             | <i>(Note 21)</i> |          |                  |
| <b>Revenues</b>                           | 25          |                  |          |                  |
| Event revenues                            |             | 50,646           | 50,851   | 47,812           |
| Lease revenues                            |             | 2,799            | 3,536    | 3,110            |
| Miscellaneous revenues                    |             | 2,915            | 6,191    | 3,377            |
| Deferred contributions – other            |             | 1,665            | 1,665    | 1,989            |
| Deferred contributions - government       |             | 49,881           | 48,990   | 49,741           |
| Interest revenue                          |             | 100              | 273      | 434              |
|   |             | 108,006          | 111,506  | 106,463          |
| <b>Expenses</b>                           | 18,25       |                  |          |                  |
| BC Place Stadium                          |             | 58,179           | 57,040   | 51,696           |
| Vancouver Convention Centre               |             | 66,896           | 64,971   | 64,982           |
|   |             | 125,075          | 122,011  | 116,678          |
| <b>Annual operating surplus (deficit)</b> |             | (17,069)         | (10,505) | (10,215)         |
| Accumulated surplus, beginning of year    |             | 90,332           | 90,332   | 100,547          |
| Accumulated surplus, end of year          |             | 73,263           | 79,827   | 90,332           |

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

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

|  | March 31, 2014   |             | March 31    |
|--|------------------|-------------|-------------|
|  | Budget           | Actual      | 2013        |
|  | <i>(Note 21)</i> |             | Actual      |
| Annual operating surplus (deficit)               | (17,069)         | (10,505)    | (10,215)    |
| Acquisition of tangible capital assets           | (19,820)         | (2,744)     | (7,065)     |
| Amortization of tangible capital assets          | 49,131           | 48,338      | 48,208      |
| Loss on sale/disposal of tangible capital assets | -                | 18          | 4           |
|  | 12,242           | 35,107      | 30,932      |
| Acquisition of prepaid expense                   | -                | (3,903)     | (4,016)     |
| Consumption of supplies inventories              | -                | -           | 17          |
| Use of prepaid expense                           | -                | 3,475       | 3,755       |
|  | -                | (428)       | (244)       |
| Decrease in net financial debt                   | 12,242           | 34,679      | 30,688      |
| Net financial debt – beginning of year           |                  | (1,216,321) | (1,247,009) |
| Net financial debt – end of year                 |                  | (1,181,642) | (1,216,321) |

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

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

|   | <b>March 31<br/>2014</b> | <b>March 31<br/>2013</b> |
|---|--------------------------|--------------------------|
| <b>Operating transactions</b>                           |                          |                          |
| Surplus (Deficit) for the year                          | (10,505)                 | (10,215)                 |
| <i>Non-cash items included in surplus (deficit):</i>    |                          |                          |
| Amortization of tangible capital assets                 | 48,338                   | 48,208                   |
| Loss on disposal of tangible capital assets             | 18                       | 4                        |
| Amortization of deferred contributions - other          | (1,665)                  | (1,989)                  |
| Amortization of deferred contributions – government     | (48,990)                 | (49,741)                 |
| Accounts receivable                                     | 2,641                    | (365)                    |
| Due from government                                     | 497                      | 1,597                    |
| Due to government                                       | 59                       | -                        |
| Accounts payable and accrued liabilities                | 2,200                    | (18,600)                 |
| Employee future benefits                                | (76)                     | (197)                    |
| Deferred revenue  | (990)                    | 4,561                    |
| Inventories held for use                                | -                        | 17                       |
| Prepaid expenses  | (428)                    | (261)                    |
| <i>Cash used in operations</i>                          | <u>(8,901)</u>           | <u>(26,981)</u>          |
| <b>Capital transactions</b>                             |                          |                          |
| Tangible capital assets                                 | (2,744)                  | (7,065)                  |
| <i>Cash used in capital transactions</i>                | <u>(2,744)</u>           | <u>(7,065)</u>           |
| <b>Financing transactions</b>                           |                          |                          |
| Deferred contributions – other                          | -                        | 300                      |
| Deferred contributions – government                     | 8,977                    | 11,842                   |
| Due from government                                     | -                        | 4,272                    |
| Long term debt  | (829)                    | -                        |
| <i>Cash provided for in financing transactions</i>      | <u>8,148</u>             | <u>16,414</u>            |
| <b>(Decrease)/increase in cash and cash equivalents</b> | <b>(3,497)</b>           | <b>(17,632)</b>          |
| Cash and cash equivalents – beginning of year           | 24,111                   | 41,743                   |
| Cash and cash equivalents – end of year                 | <u>20,614</u>            | <u>24,111</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, 2014 (tabular amounts in \$000s)**

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**1. Authority and Nature of Operations**

B.C. Pavilion Corporation (PavCo) 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 Transportation and Infrastructure. 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 create significant economic and community benefits for the people of British Columbia 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. Future Accounting Standard**

The Public Sector Accounting Board ("PSAB") issues standards and guidance with respect to matters of accounting in the public sector. Recent changes to these standards include Section 3260, Liability for Contaminated Sites. Section 3260 applies to fiscal years beginning on or after April 1, 2014 and as such has no impact on PavCo's financial statements for the Year Ended March 31, 2014. Management is currently assessing the impact of this standard. To date, the effect is not yet determinable.

**3. 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 presented in Note 23. 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 certain.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

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**3. Significant Accounting Policies (cont.)**

***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  |

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.

The corporation has entered into agreements where value-in-kind (VIK) is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in its applicable tangible capital asset class.

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 public sector accounting standards. 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.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

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**3. Significant Accounting Policies (cont.)**

***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.

Contributions and transfers that are subject to legislative or contractual stipulations or restrictions on their use are treated as deferred contributions and classified as government or other, and are recognized to revenue in accordance with when their stipulations or restrictions are met.

Funding received for other specific purposes is treated as deferred contributions and recognized in the period that the stipulation or restriction is met.

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.

***Deferred Contributions***

The value of contributed depreciable tangible capital assets or funding received from government for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred contributions and is 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. If the net book value of a depreciable tangible capital asset funded by a deferred 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 public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 23 for the impact of this policy on these financial statements.

***Expenses***

The cost of all goods consumed and services received during the fiscal year, not related to assets under construction, is expensed. Expenses are reported on an accrual basis.

## **B.C. Pavilion Corporation**

### **Notes to the Financial Statements**

**For the year ended March 31, 2014 (tabular amounts in \$000s)**

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#### **3. Significant Accounting Policies (cont.)**

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.

#### ***Foreign currency transactions***

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect on the transaction date. Any foreign currency denominated monetary assets and liabilities are stated in the Statement of Financial Position using the prevailing rate of exchange at the financial statement date.

#### ***Financial Instruments - Recognition and Measurement***

Section 3450 establishes standards for recognizing and measuring instruments. All financial assets and financial liabilities are measured in the statement of financial position on a fair value basis, as follows:

- Cash is recorded at fair value (fair value measurement hierarchy level one – quoted market prices).
- All other financial instruments are recorded at cost (fair value measurement hierarchy level three – not based on observable market data), which approximates fair value.

#### ***Employee benefits plan***

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension (Plan) is a multi-employer, defined benefit plan with over 110,000 active and retired members. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions.

An actuarial valuation of the plan every three years assesses its financial position. The most recent actuarial valuation, as at March 31, 2011, disclosed an overall actuarial deficit of \$275 million for basic pension benefits, for the entire Public Service Pension Plan. In order to fund the liability, both employer and employee rates increased effective April 1, 2012. The next scheduled valuation will be as at March 31, 2014 and will be completed in winter 2014/15.

Contributions to the Plan by PavCo for fiscal 2014 were \$1.2 million (2013 - \$1.2 million).

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2014 (tabular amounts in \$000s)

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#### 4. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

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.

Measurement uncertainty exists in these statements. Actual results could differ from these estimates.

Management has made estimates for valuation allowances on receivables, accrued liabilities and on the expected timing of future expenditures related to construction commitments (Note 17).

#### 5. Government Partnership

PavCo has entered into an agreement with the Greater Vancouver Convention and Visitors Bureau and the Vancouver Hotel Destination Association to create the Convention Development Fund (CDF) to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties. PavCo's contribution to the CDF constitutes an investment in a Government Partnership under the definition of PS 3060. PavCo's obligation in the partnership is limited to the amount of PavCo's contributions.

Included in the corporation's financial statements is PavCo's proportionate interest in the partnership, based on its contributions to the CDF (2014 – 9.8%; 2013 – 11.7%):

|                                     | March 31 | March 31 |
|-------------------------------------|----------|----------|
| Statement of Financial Position     | 2014     | 2013     |
| Cash                                | 701      | 768      |
| Deferred contributions - government | 701      | 768      |

|                         | March 31 | March 31 |
|-------------------------|----------|----------|
| Statement of Operations | 2014     | 2013     |
| Revenue                 | 8        | 6        |
| Expense                 | 75       | 38       |

|  | March 31 | March 31 |
|--|----------|----------|
| Statement of Cash Flows                                    | 2014     | 2013     |
| Increase (Decrease) in deferred contributions - government | (67)     | (32)     |
| Increase (Decrease) in cash and cash equivalents           | (67)     | (32)     |

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

**5. Government Partnership (cont.)**

PavCo also has a proportionate interest in the future commitments of the CDF. The corporation's current share of these commitments, to be funded by the CDF, as of March 31, 2014 is:

|                        |     |
|------------------------|-----|
| Fiscal 2015            | 154 |
| Fiscal 2016            | 58  |
| Fiscal 2017            | 64  |
| Fiscal 2018            | 75  |
| Fiscal 2019 and beyond | 386 |

**6. Cash and Cash Equivalents**

|   | <b>March 31<br/>2014</b> | <b>March 31<br/>2013</b> |
|---|--------------------------|--------------------------|
| Unrestricted cash                         | 19,413                   | 23,343                   |
| Restricted cash                           | 500                      | -                        |
| Investment in Convention Development Fund | 701                      | 768                      |
|   | <u>20,614</u>            | <u>24,111</u>            |

Restricted cash consists of amounts for which the use is restricted by an agreement with a third party.

**7. Accounts Receivable**

|                                       | <b>March 31<br/>2014</b> | <b>March 31<br/>2013</b> |
|---------------------------------------|--------------------------|--------------------------|
| Trade                                 | 5,178                    | 4,756                    |
| Other receivables                     | 22,662                   | 25,662                   |
|                                       | <u>27,840</u>            | <u>30,418</u>            |
| Less: provision for doubtful accounts | (120)                    | (57)                     |
|                                       | <u>27,720</u>            | <u>30,361</u>            |

Other receivables consist of amounts receivable resulting from a fiscal 2012 agreement with a third party with respect to certain development rights to the west of B.C. Place. This receivable is due in fiscal 2017.

**8. Due from (to) Government**

|                              | <b>March 31<br/>2014</b> | <b>March 31<br/>2013</b> |
|------------------------------|--------------------------|--------------------------|
| Federal government           | (24)                     | 497                      |
| Province of British Columbia | (35)                     | -                        |
|                              | <u>(59)</u>              | <u>497</u>               |

Amounts due from (to) the federal government represent goods and services tax (2014), harmonized sales tax (2013). Amounts due from (to) the Province of British Columbia represent provincial sales tax.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

**9. Accounts Payable and Accrued Liabilities**

|  | <b>March 31<br/>2014</b> | <b>March 31<br/>2013</b> |
|--|--------------------------|--------------------------|
| Trade accounts payable and accrued liabilities | 19,124                   | 18,726                   |
| Accrued interest on long term debt             | 3,647                    | -                        |
| Builder's lien holdbacks                       | 630                      | 2,475                    |
|  | <b>23,401</b>            | <b>21,201</b>            |

**10. Employee Leave Liability**

Employee leave liability represents the accumulated vacation entitlement that PavCo owes its employees for vacation not yet taken.

**11. Deferred Revenue**

|                                     | <b>March 31<br/>2014</b> | <b>March 31<br/>2013</b> |
|-------------------------------------|--------------------------|--------------------------|
| Unearned lease revenues             | 33,515                   | 35,078                   |
| Unearned event revenue and deposits | 8,613                    | 8,040                    |
|                                     | <b>42,128</b>            | <b>43,118</b>            |

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.

**12. Deferred Contributions – Other**

|                     | <b>Balance<br/>April 1<br/>2013</b> | <b>Receipts<br/>during year</b> | <b>Transferred<br/>to revenue</b> | <b>Balance<br/>March 31<br/>2014</b> |
|---------------------|-------------------------------------|---------------------------------|-----------------------------------|--------------------------------------|
| Other Contributions | 17,405                              | -                               | (1,665)                           | 15,740                               |

|                     | <b>Balance<br/>April 1<br/>2012</b> | <b>Receipts<br/>during year</b> | <b>Transferred<br/>to revenue</b> | <b>Balance<br/>March 31<br/>2013</b> |
|---------------------|-------------------------------------|---------------------------------|-----------------------------------|--------------------------------------|
| Other Contributions | 19,093                              | 300                             | (1,988)                           | 17,405                               |

Other deferred contributions include contributions, defined by their contractual stipulations, from non-related parties to fund major improvements to or the acquisition of capital assets. Included in other deferred contributions are value-in-kind contributions of tangible capital assets. Contributions are amortized to revenue in the period during which the related assets are used to provide those benefits, at the same rate corresponding to the amortization rate for the related tangible capital assets.

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2014 (tabular amounts in \$000s)

#### 13. 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 well as funding to support ongoing operations and for other specified purposes as follows:

|                              | Balance<br>April 1<br>2013 | Receipts<br>during year | Transferred<br>to revenue | Balance<br>March 31<br>2014 |
|------------------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| Government of Canada         | 206,403                    | -                       | (4,556)                   | 201,847                     |
| Province of British Columbia | 832,424                    | 8,977                   | (44,434)                  | 796,967                     |
|                              | 1,038,827                  | 8,977                   | (48,990)                  | 998,814                     |

|                              | Balance<br>April 1<br>2012 | Receipts<br>during year | Transferred<br>to revenue | Balance<br>March 31<br>2013 |
|------------------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| Government of Canada         | 210,960                    | -                       | (4,557)                   | 206,403                     |
| Province of British Columbia | 865,767                    | 11,842                  | (45,185)                  | 832,424                     |
|                              | 1,076,727                  | 11,842                  | (49,742)                  | 1,038,827                   |

Contributions from the Government of Canada is funding for the construction of the Vancouver Convention Centre's west facility and the connector between the east and west facility. Federal funding for the Vancouver Convention Centre's west facility includes the construction of the waste water treatment facility.

PavCo received contributions from its shareholder, the Province of British Columbia, for capital and operating purposes, segregated based on shareholder direction on the use of funds.

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.

#### 14. Long-term Debt

|                              | March 31<br>2014 | March 31<br>2013 |
|------------------------------|------------------|------------------|
| Province of British Columbia | 149,171          | 150,000          |

In fiscal 2010, PavCo entered into a long-term loan agreement with the Province of British Columbia to provide financing for the construction of the retractable roof and refurbishment upgrades at BC Place Stadium. PavCo received the balance of the loan in fiscal 2011.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

**14. Long-term Debt (cont.)**

Under the terms of the loan agreement, the repayable loan is 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 (fixed interest rate at 4.89%) until fiscal 2049.

The current repayment schedule reflects loan payments by PavCo of \$4.5 million for the initial and final repayment fiscal years (2014 and 2049), and \$9.0 million for fiscal years 2015 through 2048.

The loan is secured by the assets of BC Place Stadium and the Vancouver Convention Centre.

**15. Tangible Capital Assets**

|                            | BC Place       | Vancouver<br>Convention<br>Centre <sup>(1)</sup> | March 31<br>2014 | March 31<br>2013 |
|----------------------------|----------------|--|------------------|------------------|
| Land                       | 31,292         | 41,442   | 72,734           | 72,734           |
| Buildings and improvements | 465,705        | 643,833  | 1,109,538        | 1,142,665        |
| Leasehold improvements     | -              | 29,507   | 29,507           | 30,880           |
| Equipment                  | 25,851         | 3,347  | 29,198           | 36,973           |
| Furniture and fixtures     | 18,574         | 97   | 18,671           | 21,953           |
| Computer hardware/software | 75             | 46   | 121              | 176              |
| <b>Total</b>               | <b>541,497</b> | <b>718,272</b>                                   | <b>1,259,769</b> | <b>1,305,381</b> |

(1) Includes corporate office assets

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, 2014 is \$6.2 million (\$6.2 million at March 31, 2013).

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, 2013).

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, 2014 (tabular amounts in \$000s)**

**15. Tangible Capital Assets (cont.)**

|                                     | Land          | Buildings and<br>improvements | Leasehold<br>Improvements | Equipment     | Furniture<br>and<br>fixtures | Vehicles | Computer<br>hardware &<br>software | <b>2014</b>      |
|-------------------------------------|---------------|-------------------------------|---------------------------|---------------|------------------------------|----------|------------------------------------|------------------|
| <b>Cost:</b>                        |               |                               |                           |               |                              |          |                                    |                  |
| Opening balance                     | 72,734        | 1,274,904                     | 39,845                    | 65,583        | 32,385                       | 25       | 2,285                              | 1,487,761        |
| Additions                           | -             | 954                           | 457                       | 1,234         | 58                           | -        | 41                                 | 2,744            |
| Disposals and adjustments           | -             | -                             | -                         | (370)         | (22)                         | -        | (35)                               | (427)            |
| Closing balance                     | 72,734        | 1,275,858                     | 40,302                    | 66,447        | 32,421                       | 25       | 2,291                              | 1,490,078        |
| <b>Accumulated amortization:</b>    |               |                               |                           |               |                              |          |                                    |                  |
| Opening balance                     | -             | (132,239)                     | (8,965)                   | (28,610)      | (10,432)                     | (25)     | (2,109)                            | (182,380)        |
| Amortization expense                | -             | (34,081)                      | (1,830)                   | (8,996)       | (3,335)                      | -        | (96)                               | (48,338)         |
| Effect of disposals and adjustments | -             | -                             | -                         | 357           | 17                           | -        | 35                                 | 409              |
| Closing balance                     | -             | (166,320)                     | (10,795)                  | (37,249)      | (13,750)                     | (25)     | (2,170)                            | (230,309)        |
| <b>Net book value</b>               | <b>72,734</b> | <b>1,109,538</b>              | <b>29,507</b>             | <b>29,198</b> | <b>18,671</b>                | <b>-</b> | <b>121</b>                         | <b>1,259,769</b> |
|                                     | Land          | Buildings and<br>improvements | Leasehold<br>Improvements | Equipment     | Furniture<br>and<br>fixtures | Vehicles | Computer<br>hardware &<br>software | <b>2013</b>      |
| <b>Cost:</b>                        |               |                               |                           |               |                              |          |                                    |                  |
| Opening balance                     | 72,734        | 1,270,723                     | 37,229                    | 66,534        | 32,167                       | 25       | 2,166                              | 1,481,578        |
| Additions                           | -             | 3,965                         | 2,713                     | 871           | 218                          | -        | 128                                | 7,895            |
| Disposals and adjustments           | -             | 217                           | (97)                      | (1,822)       | -                            | -        | (10)                               | (1,712)          |
| Closing balance                     | 72,734        | 1,274,905                     | 39,845                    | 65,583        | 32,385                       | 25       | 2,284                              | 1,487,761        |
| <b>Accumulated amortization:</b>    |               |                               |                           |               |                              |          |                                    |                  |
| Opening balance                     | -             | (98,642)                      | (7,219)                   | (20,043)      | (7,115)                      | (25)     | (2,006)                            | (135,050)        |
| Amortization expense                | -             | (33,876)                      | (1,843)                   | (9,061)       | (3,317)                      | -        | (111)                              | (48,208)         |
| Effect of disposals and adjustments | -             | 278                           | 97                        | 494           | -                            | -        | 9                                  | 878              |
| Closing balance                     | -             | (132,240)                     | (8,965)                   | (28,610)      | (10,432)                     | (25)     | (2,108)                            | (182,380)        |
| <b>Net book value</b>               | <b>72,734</b> | <b>1,142,665</b>              | <b>30,880</b>             | <b>36,973</b> | <b>21,953</b>                | <b>-</b> | <b>176</b>                         | <b>1,305,381</b> |

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

**15. Tangible Capital Assets (cont.)**

Included above as at March 31, 2014 is work in progress consisting of renovations to the sea water intake system.

|                             | Buildings and improvements | Leasehold Improvements | Computer Hardware | 2014 |
|-----------------------------|----------------------------|------------------------|-------------------|------|
| BC Place Stadium            | -                          | -                      | -                 | -    |
| Vancouver Convention Centre | 305                        | -                      | -                 | 305  |
|                             | 305                        | -                      | -                 | 305  |

|                             | Buildings and improvements | Leasehold Improvements | Computer Hardware | 2013  |
|-----------------------------|----------------------------|------------------------|-------------------|-------|
| BC Place Stadium            | 19                         | -                      | -                 | 19    |
| Vancouver Convention Centre | 1,138                      | 945                    | 33                | 2,116 |
|                             | 1,157                      | 945                    | 33                | 2,135 |

**16. Prepaid Expenses**

Prepaid expenses reflect prepayments for event and operational requirements.

|                                  | March 31<br>2014 | March 31<br>2013 |
|----------------------------------|------------------|------------------|
| Event and operations prepayments | 1,641            | 1,213            |

**17. Contingencies and Contractual Obligations**

***Contingent assets***

PavCo holds an interest in a parcel of land in Surrey, British Columbia. Under the terms of the agreement, if the land were to be sold or redeveloped before March 2016, PavCo would receive three fifths of the sales proceeds of the land over \$1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

***Contingent liabilities***

- a) PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. As at March 31, 2014 management is not aware of any existing environmental problems related to its facilities that may result in material liability to the corporation.

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2014 (tabular amounts in \$000s)

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#### 17. Contingencies and Contractual Obligations (cont.)

- b) 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.

#### *Contractual obligations*

- a) Operating leases

The corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2028. These represent total commitments as follows:

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|                        |     |
|------------------------|-----|
| Fiscal 2015            | 990 |
| Fiscal 2016            | 760 |
| Fiscal 2017            | 642 |
| Fiscal 2018            | 333 |
| Fiscal 2019 and beyond | 326 |

- b) Construction

PavCo is committed to completing upgrades and renovations with respect to its major capital projects, within the approved project budgets.

At March 31, 2014, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining construction obligations as follows:

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|             |     |
|-------------|-----|
| Fiscal 2014 | 421 |
|-------------|-----|

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- c) Redevelopment

On November 29th, 2011 the City of Vancouver Council enacted zoning, as approved at Public Hearing on April 19, 2011, for certain lands on the west side of BC Place. The City of Vancouver acquired lands between Expo Boulevard and Pacific Boulevard for the construction of an extension to Smithe Street (Smithe Street Extension), and transferred its surplus lands between the Smithe Street Extension and BC Place to PavCo (including Terry Fox Way). Under the rezoning obligations, PavCo is required to provide 300 parking stalls for public hourly use in the first development on the lands.

Under separate Agreements, PavCo is also obligated to bear the costs of remediation of soils beneath the Smithe Street Extension and the development lands, the costs of installation of City services under the Smithe Street Extension, and the construction of the Smithe Street Extension to its west curb line. The costs of these obligations and their completion dates have not been determined.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

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**17. Contingencies and Contractual Obligations (cont.)**

In addition, PavCo entered into an Updated Master Development Agreement with a third party who plans to develop certain land on the west side of BC Place. The Agreement has no financial impact on the March 31, 2014 financial statements.

**18. Expenses by Object**

The following summarizes expenses by object:

|                              | <b>2014 Budget</b> | <b>2014 Actual</b> | <b>2013 Actual</b> |
|------------------------------|--------------------|--------------------|--------------------|
| Event direct costs           | 28,292             | 28,507             | 27,162             |
| Salaries, wages and benefits | 15,920             | 16,454             | 16,189             |
| Operating expenses           | 15,246             | 14,220             | 14,141             |
| General and administration   | 4,490              | 3,879              | 4,420              |
| Business development         | 1,779              | 878                | 4,024              |
| Professional consulting fees | 2,403              | 2,257              | 2,534              |
| Interest on long term debt   | 7,314              | 7,326              | -                  |
| Redevelopment                | 500                | 152                | -                  |
| Amortization                 | 49,131             | 48,338             | 48,208             |
|                              | <b>125,075</b>     | <b>122,011</b>     | <b>116,678</b>     |

**19. Related Party Transactions**

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

**20. Valuation Allowance**

Valuation allowances are included in 'General and administration' expenditures (Note 18), and represent the write-down of assets and liabilities in the statement of financial position.

|                     | BC Place | Vancouver<br>Convention<br>Centre | <b>2014</b> | <b>2013</b> |
|---------------------|----------|-----------------------------------|-------------|-------------|
| Accounts receivable | (25)     | (95)                              | (120)       | (40)        |

**21. Budgeted Figures**

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2013/14 Annual Service Plan report which was approved by PavCo's Board of Directors.

**22. Comparative Numbers**

Certain comparative numbers have been restated to conform to the financial statement presentation used in the current year.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

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**23. Impact of Accounting for Government Transfers in Accordance with Section 23.1 of the *Budget Transparency and Accountability Act***

As a provincial crown agency, PavCo is subject to reporting under the *Budget Transparency and Accountability Act* ('Act') as noted in Note 1 (authority and nature of operations) and Note 3 (significant accounting policies). Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the corporation's financial statements is as follows:

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**At March 31, 2013**

|   |             |
|---|-------------|
| Increase in accumulated operating surplus       | (1,038,827) |
| Decrease in deferred contributions - government | 1,038,827   |

**For the year ended March 31, 2014**

|                               |        |
|-------------------------------|--------|
| Decrease in operating surplus | 40,013 |
|-------------------------------|--------|

**At March 31, 2014**

|   |           |
|---|-----------|
| Increase in accumulated operating surplus       | (998,814) |
| Decrease in deferred contributions - government | 998,814   |

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**24. Financial Instruments**

Financial instruments include cash and cash equivalents, accounts receivable, due from government, accounts payable and accrued liabilities, employee leave liability, and long term debt.

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.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

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**24. Financial Instruments (cont.)**

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.

*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, 2014 (tabular amounts in \$000s)

#### 25. Segmented Information

PavCo reports segmented information by its operating divisions: BC Place Stadium, the Vancouver Convention Centre and Corporate Services. The facilities, BC Place and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events. PavCo's Corporate Services division provides the corporation's governance and consolidated reporting, and is allocated equally to its facilities.

The segmented information provided is consistent with the accounting policies provided with PavCo's financial statements as disclosed in Note 3. Revenues, expenses and tangible capital assets by facility are provided in the following tables:

|   | <u>BC Place</u> <sup>(1)</sup> |                | <u>Vancouver Convention Centre</u> <sup>(1)(2)</sup> |               | <u>Total</u>    |                 |
|---|--------------------------------|----------------|--|---------------|-----------------|-----------------|
|   | 2014                           | 2013           | 2014   | 2013          | 2014            | 2013            |
| <b>Revenues</b>                         |                                |                |  |               |                 |                 |
| Event revenues                          | 12,735                         | 10,572         | 38,116   | 37,240        | 50,851          | 47,812          |
| Lease revenues                          | 37                             | 36             | 3,499  | 3,074         | 3,536           | 3,110           |
| Miscellaneous revenues <sup>(3)</sup>   | 6,041                          | 3,307          | 150  | 70            | 6,191           | 3,377           |
| Deferred contributions – other          | 711                            | 1,036          | 954  | 953           | 1,665           | 1,989           |
| Deferred contributions - government     | 24,024                         | 27,067         | 24,966   | 22,674        | 48,990          | 49,741          |
| Interest revenue                        | 145                            | 213            | 128  | 221           | 273             | 434             |
|   | <b>43,693</b>                  | <b>42,231</b>  | <b>67,813</b>  | <b>64,232</b> | <b>111,506</b>  | <b>106,463</b>  |
| <b>Expenses</b>                         |                                |                |  |               |                 |                 |
| Event direct costs                      | 7,126                          | 6,257          | 21,381   | 20,905        | 28,507          | 27,162          |
| Salaries, wages and benefits            | 7,786                          | 7,517          | 8,668  | 8,672         | 16,454          | 16,189          |
| Operating expenses                      | 4,669                          | 4,772          | 9,551  | 9,369         | 14,220          | 14,141          |
| General and administration              | 1,688                          | 1,768          | 2,191  | 2,653         | 3,879           | 4,420           |
| Business development                    | 263                            | 3,369          | 615  | 655           | 878             | 4,024           |
| Professional consulting fees            | 1,404                          | 1,420          | 853  | 1,113         | 2,257           | 2,534           |
| Interest on long term debt              | 7,326                          | -              | -  | -             | 7,326           | -               |
| Redevelopment <sup>(4)</sup>            | 152                            | -              | -  | -             | 152             | -               |
| Amortization                            | 26,626                         | 26,593         | 21,712   | 21,615        | 48,338          | 48,208          |
|   | <b>57,040</b>                  | <b>51,696</b>  | <b>64,971</b>  | <b>64,982</b> | <b>122,011</b>  | <b>116,678</b>  |
| <b>Surplus (deficit) for the period</b> | <b>(13,347)</b>                | <b>(9,465)</b> | <b>2,842</b>   | <b>(750)</b>  | <b>(10,505)</b> | <b>(10,215)</b> |

(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 monies received outside of the course of normal operations.

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

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2014 (tabular amounts in \$000s)

#### 25. Segmented Information (cont.)

| BC Place                               | Land          | Buildings<br>and<br>improvements | Equipment     | Furniture<br>and<br>fixtures | Vehicles | Computer<br>hardware<br>and<br>software | 2014           | 2013     |
|--|---------------|----------------------------------|---------------|------------------------------|----------|---|----------------|----------|
| <b>Cost:</b>                           |               |                                  |               |                              |          |   |                |          |
| Opening balance                        | 31,292        | 551,290                          | 52,212        | 23,189                       | -        | 592                                     | 658,575        | 656,585  |
| Additions                              | -             | 175                              | 314           | 58                           | -        | 38                                      | 585            | 3,605    |
| Disposals                              | -             | -                                | (360)         | (21)                         | -        | (35)                                    | (416)          | (1,615)  |
| Closing balance                        | 31,292        | 551,465                          | 52,166        | 23,226                       | -        | 595                                     | 658,744        | 658,575  |
| <b>Accumulated amortization:</b>       |               |                                  |               |                              |          |   |                |          |
| Opening balance                        | -             | (68,148)                         | (19,392)      | (2,994)                      | -        | (487)                                   | (91,021)       | (65,208) |
| Amortization expense                   | -             | (17,612)                         | (7,272)       | (1,674)                      | -        | (68)                                    | (26,626)       | (26,593) |
| Effect of disposals and adjustments    | -             | -                                | 349           | 16                           | -        | 35                                      | 400            | 780      |
| Closing balance                        | -             | (85,760)                         | (26,315)      | (4,652)                      | -        | (520)                                   | (117,247)      | (91,021) |
| <b>Net book value – March 31, 2014</b> | <b>31,292</b> | <b>465,705</b>                   | <b>25,851</b> | <b>18,574</b>                | <b>-</b> | <b>75</b>                               | <b>541,497</b> |          |
| <b>Net book value – March 31, 2013</b> | <b>31,292</b> | <b>483,142</b>                   | <b>32,820</b> | <b>20,195</b>                | <b>-</b> | <b>105</b>                              | <b>567,554</b> |          |

Development and construction costs associated with the refurbishment program were treated as work in progress, and recorded at cost with no amortization until the asset was substantially complete and ready for use. Total asset cost includes work in progress allocated as follows:

| BC Place – work in progress  | Buildings and<br>improvements | Equipment | Furniture<br>and fixtures | Total work<br>in progress |
|------------------------------|-------------------------------|-----------|---------------------------|---------------------------|
| Total costs – March 31, 2014 | -                             | -         | -                         | -                         |
| Total costs – March 31, 2013 | 19                            | -         | -                         | <b>19</b>                 |

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2014 (tabular amounts in \$000s)**

**25. Segmented Information (cont.)**

| <b>Vancouver<br/>Convention<br/>Centre<sup>(1)</sup></b> | Land          | Buildings and<br>improvements | Leasehold<br>Improvements | Equipment    | Furniture<br>and<br>fixtures | Vehicles | Computer<br>hardware<br>and<br>software | <b>2014</b>    | <b>2013</b>    |
|--|---------------|-------------------------------|---------------------------|--------------|------------------------------|----------|---|----------------|----------------|
| <b>Cost:</b>   |               |                               |                           |              |                              |          |   |                |                |
| Opening balance  | 41,442        | 723,614                       | 39,845                    | 13,371       | 9,196                        | 25       | 1,693                                   | 829,186        | 824,992        |
| Additions  | -             | 779                           | 457                       | 920          | -                            | -        | 3                                       | 2,159          | 4,291          |
| Disposals  | -             | -                             | -                         | (10)         | (1)                          | -        | -                                       | (11)           | (97)           |
| Closing balance  | 41,442        | 724,393                       | 40,302                    | 14,281       | 9,195                        | 25       | 1,696                                   | 831,334        | 829,186        |
| <b>Accumulated<br/>amortization:</b>                     |               |                               |                           |              |                              |          |   |                |                |
| Opening balance  | -             | (64,091)                      | (8,965)                   | (9,218)      | (7,438)                      | (25)     | (1,622)                                 | (91,359)       | (69,842)       |
| Amortization<br>expense                                  | -             | (16,469)                      | (1,830)                   | (1,724)      | (1,661)                      | -        | (28)                                    | (21,712)       | (21,614)       |
| Effect of disposals<br>and adjustments                   | -             | -                             | -                         | 8            | 1                            | -        | -                                       | 9              | 97             |
| Closing balance  |               | (80,560)                      | (10,795)                  | (10,934)     | (9,098)                      | 25       | (1,650)                                 | (113,062)      | (91,359)       |
| <b>Net book value –<br/>March 31, 2014</b>               | <b>41,442</b> | <b>643,833</b>                | <b>29,507</b>             | <b>3,347</b> | <b>97</b>                    | <b>-</b> | <b>46</b>                               | <b>718,272</b> |                |
| <b>Net book value –<br/>March 31, 2013</b>               | <b>41,442</b> | <b>659,523</b>                | <b>30,880</b>             | <b>4,153</b> | <b>1,758</b>                 | <b>-</b> | <b>71</b>                               |                | <b>737,827</b> |

(1) Includes corporate office assets with a total net book value of \$4 thousand at March 31, 2014 (\$5 thousand at March 31, 2013)

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.

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2014 (tabular amounts in \$000s)

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#### 25. Segmented Information (cont.)

At March 31, 2014, improvements to the sea water intake system at the Vancouver Convention Centre are included as work in progress. These costs are treated as work in progress and are recorded at cost with no amortization until the asset is substantially complete or ready for use. The value of this work is included in costs and represents the following:

|  | Buildings and<br>improvements | Leasehold<br>Improvements | Computer<br>Hardware | Total work in<br>progress |
|--|-------------------------------|---------------------------|----------------------|---------------------------|
| Vancouver Convention Centre – work in progress |                               |                           |                      |                           |
| Total costs – March 31, 2014                   | 305                           | -                         | -                    | <b>305</b>                |
| Total costs – March 31, 2013                   | 1,138                         | 945                       | 33                   | <b>2,116</b>              |



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