

B.C. Pavilion Corporation

2022/23

Annual Service Plan Report

August 2023



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Board Chair's Accountability Statement



The B.C. Pavilion Corporation 2022/23 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2022/23 - 2024/25 Service Plan published in 2022. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in blue ink that reads "Gwendolyn Point".

Dr. Gwendolyn Point
Chair
August 1, 2023

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Letter from the Board Chair & CEO

On behalf of the Board of Directors and the employees of the B.C. Pavilion Corporation (PavCo), we are pleased to present PavCo's Annual Service Plan Report for the 2022/23 fiscal year. As a Crown corporation, PavCo's primary mandate is to create significant economic and community benefits for the people of British Columbia (B.C.). We accomplish this by attracting events that bring attendees and guests from around the world, benefiting the people, communities, and businesses of B.C. Our commitment to collaborate with government, industry stakeholders, clients, suppliers, and members of the community makes this possible.

Fiscal 2022/23 was an exceptional year for PavCo and our award-winning venues, the Vancouver Convention Centre and BC Place Stadium. Our venue teams made significant strides towards recovery, overcoming many of the challenges of the previous years posed by the COVID-19 pandemic. Our two iconic facilities welcomed a dynamic range of events this past year, including conventions, concerts, international sporting competitions, and more. PavCo also continued to align its business strategy with the Province's Strategic Framework for Tourism and other Government priorities, including support for sport, music and art event hosting and pandemic response and recovery.

Through the concerted efforts of our dedicated team, successful marketing and sales efforts, along with a strong global reputation for service excellence, we welcomed back 2.012 million guests from around the world to our venues. Together, the Convention Centre and BC Place generated \$425 million in economic impact for the Province of B.C.

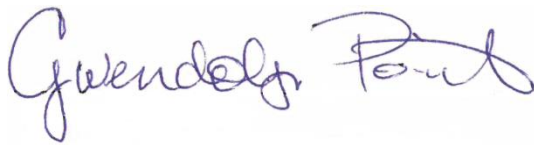
The Vancouver Convention Centre saw a strong resurgence in events, nearing pre-pandemic levels, with the regional market experiencing the most significant recovery. Attendance for international events was more variable given the follow-on impacts of the pandemic, including uncertain economic conditions, travel challenges, reduced corporate travel budgets and additional support required by clients in planning and executing events. These challenges have been prevalent throughout the industry and PavCo has continued to engage with its clients and the industry at large to share best practices and solutions to address these concerns.

BC Place had one of its strongest years ever as it saw an increased schedule of events reflecting a pent-up demand for large-scale public events, particularly concerts and sports. Fiscal year 2022/23 saw the first full seasons for the Vancouver Whitecaps FC and BC Lions since 2019, along with special sports events hosted by Canada Soccer and HSBC Canada Sevens. In addition, the stadium hosted seven large-scale concerts including The Weeknd, Def Leppard and Elton John. Looking beyond sporting and entertainment events, BC Place continued to seek out diverse client opportunities including meetings, galas, and film shoots.

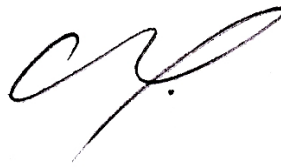
During this period of resuming full operations, PavCo and its suppliers actively engaged in employee recruiting and retraining efforts. The organization is proud of the results achieved and the resilience exemplified by its employees. Our unwavering commitment to the health and safety of our employees, guests, and community remain a top priority as we continue to

manage our business in the best interest of British Columbians. PavCo remains dedicated to delivering on the strategic priorities outlined by the Government of B.C. in the [Mandate Letter](#) provided to the Chair in 2021.

Looking forward, PavCo will continue to work closely with the Ministry of Tourism, Arts, Culture and Sport to deliver significant community benefit and value for the Province of B.C. while supporting the Province's key priorities, including Reconciliation with Indigenous people, CleanBC and StrongerBC strategies.



Dr. Gwendolyn Point
Board Chair
B.C. Pavilion Corporation
August 1, 2023



Ken Cretney
President and CEO
B.C. Pavilion Corporation
August 1, 2023

Purpose of the Annual Service Plan Report

This Annual Service Plan Report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2021 in the Board Chair's [Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the B.C. Pavilion Corporation's 2022/23 – 2024/25 Service Plan and the actual results reported on in this annual report.

Purpose of the Organization

B.C. Pavilion Corporation (PavCo) was formed under the [British Columbia Business Corporations Act](#), and acts as an agent of the Government under the [B.C. Pavilion Corporation Act](#). B.C. Pavilion Corporation registered 'PavCo' as a business name under the Partnership Act (British Columbia). PavCo's sole shareholder is the Government of British Columbia (the Government).

PavCo is a provincial Crown corporation with a mandate to generate economic and community benefits for the people of British Columbia through the prudent management of its public facilities. These facilities are in downtown Vancouver and comprise BC Place Stadium (BC Place or the Stadium) and the Vancouver Convention Centre (the Convention Centre). PavCo owns and operates both BC Place and the Convention Centre. PavCo also operates the East Building of the Convention Centre under a lease with Canada Place Corporation, which is owned and operated by the Vancouver Fraser Port Authority.

The Convention Centre is the provincial flagship for conventions and meetings and a global sustainability leader. BC Place is the largest indoor gathering place in British Columbia. In addition to being a major sports and entertainment centre, it provides support to the industry as a venue for exhibitions and consumer shows. Both facilities are also home to a diverse range of community events. PavCo contributes significantly to tourism industry growth, as many out-of-town clients travel throughout British Columbia before and after attending events at its facilities.

Operating Environment

Throughout fiscal year 2022/23, PavCo and its facilities focused on the resumption of full operations, navigating the impacts of the COVID-19 pandemic experienced over the previous two years. PavCo's team remained agile, hosting a range of activities and events at both facilities, and working with a wide range of clients to reschedule and execute events that had been delayed through earlier stages of the pandemic. Additionally, PavCo continued to engage with industry stakeholders, participating in important dialogue on recovery strategies for the events and meetings industry. By doing so, PavCo demonstrated its commitment to collaborative efforts and was able to play an important role in shaping the industry's path to recovery.

Despite the challenges posed by the pandemic, PavCo continued to pursue new business opportunities and successfully secured contracts for global conventions and events scheduled for future years. However, supply constraints in the Vancouver hotel market, driven primarily by increased leisure demand, began to impact the Convention Centre's booking capabilities. To address this, PavCo strategically targeted high-yield business during periods of available occupancy, aiming to ensure an optimal mix of booked events to maximize revenue while upholding its mandate. It is worth noting that the global competition for convention business remained fierce, resulting in various destination cities offering attractive incentives to attract such events. Furthermore, the lower value of the Canadian dollar against the U.S. dollar acted as a value incentive for U.S.-based customers, enhancing the venue's appeal to those clients.

The resumption of business operations had a significant positive impact on event attendance at BC Place. The stadium team collaborated closely with its major clients to support initiatives aimed at driving attendance, increasing food and beverage sales, and boosting overall revenue. The live entertainment market across North America experienced a remarkable resurgence, which was reflected in BC Place's successful hosting of several major concert events. Even on dates when major events were not scheduled, BC Place maximized its event schedule to include consumer shows, special events, and community activities, seizing every opportunity to engage diverse audiences.

Simultaneously, PavCo faced pressures from the tightened labour market in Vancouver, making it challenging to attract and retain staff while experiencing wage compression across all levels of the organization. As a result, large-scale recruiting, training, and retention efforts were undertaken for PavCo staff and its supplier teams.

The inflationary environment prevalent during the fiscal year had a significant impact on PavCo's operations. In addition to substantial increases in PavCo's operating expenses, careful consideration was given to the cost impact on clients' events, as many were facing ongoing impacts of the pandemic. Additionally, staff turnover at client organizations and reduced client familiarity with our venues further added complexity to the planning and delivery process for many events. PavCo worked diligently to navigate these challenges and ensure the successful execution of events.

Economic Statement

After rebounding rapidly in 2021, British Columbia's economy saw slower yet strong growth in 2022. B.C.'s real GDP growth of 3.6 per cent last year was the fourth highest among provinces (tied with Ontario) and grew at the same pace as the national average, following growth of 6.2 per cent in 2021. Growth in B.C.'s real GDP was mostly supported by service-producing industries such as transportation and warehousing, accommodation and food services, and professional, scientific and technical services. Goods-producing industries also experienced growth led by construction.

While B.C.'s recovery broadened in 2022, it remained uneven as sectors such as transportation and warehousing; accommodation and food services; and arts, entertainment and recreation have yet to fully recover to pre-pandemic levels. B.C.'s labour market continued to grow in 2022, with employment growth of 3.2 per cent and an average unemployment rate of 4.6 per cent, while wages and salaries increased by 10.8 per cent. Consumer spending on goods grew slowly after a rapid expansion at the beginning of the recovery and nominal retail sales posted overall growth of 3.1 per cent. Last year, prices rose dramatically as strong demand for goods and services was met with lingering supply-chain challenges and high prices for global commodities following Russia's invasion of Ukraine.

In 2022, B.C.'s inflation rate averaged 6.9 per cent, the fastest annual rate since 1982, and up from 2.8 per cent in 2021. B.C. housing starts totalled 46,721 units in 2022, down 1.9 per cent compared to the previous year. Despite the decline, housing starts in 2022 were the second highest on record. Home sales fell sharply in 2022 as they adjusted to higher mortgage rates not seen since 2008. B.C. MLS home sales decreased by 35.2 per cent in 2022 compared to 2021. Meanwhile the MLS average home sale price rose by 7.4 per cent in 2022 because of strength early in the year, despite monthly declines in 9 of the last 10 months of the year.

On the external front, B.C.'s international merchandise exports grew by 20.4 per cent, boosted by strong commodity prices in the first half of 2022.

Report on Performance: Goals, Objectives, and Results

Goal 1: Create economic and community benefit while optimizing corporate profit

In the 2022/23 fiscal year, PavCo estimated an economic benefit of \$425 million. PavCo tracks progress through annual financial reporting and industry benchmarking within the conventions/meetings sector and the live sports/entertainment industry. The economic benefits come alongside community benefits for the people of British Columbia, facilitated through responsible management of PavCo's public facilities. In pre-pandemic years, PavCo's annual economic impact for the Province of British Columbia ranged between \$450 million and \$550 million.

Objective 1.1: Support the economic recovery of the Province through event attendance and generating economic impact.

Key results

- Successfully resumed full operations at PavCo's venues attracting a diverse range of events by applying targeted sales and marketing strategies in an intensely competitive environment.
- Provided essential support to PavCo's industry partners and suppliers to support their recovery. This was achieved through joint sales and marketing initiatives and the sharing of market intelligence, leading to a collaborative growth approach.
- Utilized established relationships with decision-makers to attract events that optimize economic benefits for British Columbia for the current year and those in the future. This started at local and regional levels, with a successful expansion to national and international events which resulted in securing opportunities to host the 2024 Grey Cup, 2025 Invictus Games and the FIFA World Cup 2026.
- Enhanced performance measurement and business analysis by effectively leveraging technology and data collection, leading to improved operational efficiency and decision-making.
- Attracted a well-balanced portfolio of events that optimized profitability while also contributing significantly to economic and community benefit. This strategic approach led to a favourable balance of financial success and community impact.
- Due to pent-up demand, BC Place had a very strong business rebound during the year, recording its highest revenues and net operating income in recent memory with a full calendar of sports, entertainment and consumer shows.

Summary of progress made in 2022/23

PavCo's key objectives involved generating operating revenues primarily through client and event attendance and managing facility operating costs efficiently. Additionally, PavCo actively sought diverse business opportunities for both its venues to reignite the Province's economy and return to pre-pandemic economic impact levels.

In response to market conditions in fiscal year 2022/23 including limitations on international travel, the Vancouver Convention Centre focused more efforts in generating revenues from regional industries and markets by hosting community, cultural, and regional meetings and events where long-distance travel was less of a barrier. Efforts in growing the local and regional business helped offset some of the reduction in international business, resulting in an overall strong financial and economic performance in fiscal year 2022/23, approaching pre-pandemic levels. Strategic efforts to support the further return of international business will continue, in order to support a return to a more normalized balance of events for future years.

For the first time since March 2020, fiscal year 2022/23 saw spectator events fully return to BC Place. The pent-up demand from clients and consumers resulted in a packed schedule of events including both men and women's national team soccer matches, concerts, full seasons for the tenant teams and a range of consumer shows. During the same period BC Place was also able to continue to support the community by hosting several events for local community groups, not-for-profit associations, schools, First Nations, and city-wide events. Some of these events included the inaugural Hope and Health Foundation Camp Day to promote the growth of soccer amongst Indigenous youth and an art display by Musqueam weaver Debra Sparrow, as part of the Vancouver Mural Festival's Blanketing the City activation. Additionally, a new five dollar menu was introduced in support of government's efforts to make life more affordable for British Columbians.

Performance measure(s) and related discussion

Performance Measure¹	2019/20 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
1.1a Economic impact at Vancouver Convention Centre from all spending from outside Metro Vancouver ²	\$346 M	\$99 M	\$212 M	\$289 M
1.1b Economic impact at BC Place from all spending ²	\$148 M	\$43.7 M	\$85 M	\$136 M
1.1c Economic impact at Vancouver Convention Centre from spending from outside British Columbia ²	\$272 M	\$83 M	\$178 M	\$234 M
1.1d Economic impact at BC Place from spending by visitors from outside British Columbia ²	\$29 M	\$9.348 M	\$18 M	\$33 M
1.1e Delegate days to Vancouver Convention Centre by visitors from outside British Columbia ³	0.421 M	0.110 M	0.274 M	0.284 M
1.1f Delegate days for all visitors outside Metro Vancouver to Vancouver Convention Centre ³	0.620 M	0.146 M	0.364 M	0.403 M
1.1g Total attendance at BC Place events ⁴	1.019 M	0.229 M	0.423 M	0.852 M
1.1h Operating deficit (surplus) target, before Government sustaining contributions ⁵	\$8.817 M	\$31.019 M	\$34.621 M	\$11.971 M

Data source:

¹Performance measure targets 1.1a through 1.1h for 2023/24 and 2024/25 were stated in the 2022/23 service plan. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

²Economic impact is calculated using the BC Stats model and is based on estimated expenditures by organizers and visitors at events in the facilities, subsequent spending in the Province following the event, and the multiplier effect through the economy of such spending.

³Delegate days for attendees at Vancouver Convention Centre for fiscal 2022/23 were actual days recorded in PavCo's event management system.

⁴Attendance at BC Place is the total of announced attendance by clients for attendance at their events.

⁵The corporate operating deficit before Government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses. Operating (losses) / gains before interest, amortization, sustaining, and deferred contributions are: 2019/20 (\$4.960 M), 2020/21 (\$25.806M), 2021/22 (\$20.224M), and 2022/23 (\$1.266M).

In the reporting year, PavCo generated significantly higher than expected revenues. Despite rising costs related to inflation and increasing level of operations, PavCo was able to reduce its overall operating deficit (before Government sustaining contributions) to \$11.971 million for fiscal year 2022/23 from a deficit of \$31.019 million in fiscal year 2021/22. This improvement

reflected the strong recovery of business operations at both venues resulting from unrestricted hosting of events, the successful adoption of PavCo's strategic plan, targeted sales and capital investment initiatives, and an overall team commitment to host exceptional events.

Vancouver Convention Centre

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. A non-resident delegate day 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, retailers, or other hospitality businesses. The majority of delegates have multiple delegate days per visit.

Due to strategic sales efforts and rebooking of business throughout the pandemic, the Convention Centre experienced high levels of activity throughout the entire fiscal year. As a result, it generated over \$289 million in economic impact and welcomed 1.16 million people to the facility during the fiscal year. While the economic impact was an improvement over the previous year total of \$99 million, the Convention Centre continued to face some barriers to generating economic impact from out-of-province attendance of events as travel behaviours in some markets continued to lag pre-pandemic levels.

In addition to the economic impact generated through local events, the Convention Centre also delivered significant community benefit to British Columbians through hosting numerous locally driven events that had direct positive community impact including an Open House as part of the Canada Together celebration on July 1, 2023, and the unveiling of a public art installation (Magic and Lethal) in partnership with BC Labour Heritage Foundation.

BC Place Stadium

Spectator events fully returned to the stadium for the first time since March 2020, resulting in 852,000 attendees this year. The full calendar of events generated an overall economic impact of \$136 million, nearing pre-pandemic levels and demonstrating a positive upward trend since 2020.

Goal 2: Provide exceptional customer service

In the 2022/23 fiscal year, PavCo remained dedicated to safety and hospitality for all attendees as we resumed full operations while maintaining the exceptional level of service we are known for. PavCo worked closely with its clients to support the full, safe restart of various events, including meetings, banquets, conferences, consumer shows, sporting events, and concerts.

Additionally, PavCo continued working with clients to reschedule their events based on changes from the pandemic and exploring new event designs as clients' needs changed. These actions reflect our commitment to customer service, supporting our reputation and contributing to our key objectives of economic impact, community benefit, and overall corporate profitability.

Objective 2.1: Leverage our exceptional customer service to support growth and be the venues of choice for large-scale events.

Key results

- Client satisfaction was the key driver to all operations, which meant that event planning and operations were tailored to deliver superior experience and value.
- An exceptional service culture was fostered, ensuring seamless and top-tier service delivery from both PavCo and suppliers' staff.
- Innovation, simplification, and product value were prioritized across the organization, leading to improved efficiency and enhanced customer satisfaction.
- Unique differentiators for both venues and the organization were successfully defined and incorporated into all sales and marketing efforts. This strategy encouraged additional business opportunities and contributed to a distinctive presence in a competitive marketplace.

Summary of progress made in 2022/23

Over the fiscal year, enhanced event planning processes prioritized client experiences. A strong commitment to customer service resulted in increased client and consumer confidence as more than two million guests were welcomed at PavCo's venues. The flexibility and innovation of staff working closely with clients ensured a strong return to business this year. Recruitment and training efforts were key to ensuring that the attributes of a commitment to customer service and building an innovative, positive culture were developed throughout the organization. These strategies fostered new business opportunities and cemented PavCo's standing in the market.

Performance measure(s) and related discussion

Performance Measure ¹	2019/20 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
2.1a Service Quality – Loyalty Index, Convention Centre ²	9.3/10	9.5/10	Maintain or improve on baseline	9.3/10
2.1b Client Satisfaction, BC Place ³	4.3/5	4.9/5	Maintain or improve on baseline	4.4/5
2.1c Guest Satisfaction, BC Place ⁴	4.2/5	Postponed due to pandemic	Maintain or improve on baseline	4.3/5

Data Sources:

¹Performance measure targets 2.1a through 2.1c for 2023/24 and 2024/25 were stated in the 2022/23 service plan. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

²Client survey sent to all clients, conducted by Sentsis Market Research. Client Loyalty Index is used to measure service quality for the Vancouver Convention Centre. This combines overall satisfaction with the client’s likelihood to rebook and recommend the facility. The survey also includes questions on true value for price, event planning process and event execution. Results are combined to determine an overall Loyalty Index that is measured as a score out of 10.

³Comprehensive on-line client satisfaction survey. Developed in 2013, this survey is sent to all clients who hold events at BC Place. Data from the survey measures client experience from the time of booking, up to the preparation of the final billing for the event. In 2020/21 and 2021/22, the sample size was extremely limited due to limited events resulting from the pandemic. Targets for 2022/23 and 2023/24 represent targets based on increased events and a larger sample size, using historical averages as a baseline measure. Scores are measured as a total out of 5.

⁴Guest satisfaction survey, originally initiated at BC Place in 2012/13. Guest satisfaction results are collected via touch-screen stations distributed throughout the Stadium. As a result of the limited number of guest events and operational focus during the fiscal year 2021/22, this survey was postponed during that fiscal year and reinstated in fiscal year 2022/23. Scores are measured as a total out of 5.

PavCo’s customer service measures support government’s priority to deliver services British Columbians can count on. Surveys are conducted with clients and guests at both the Vancouver Convention Centre and BC Place Stadium to determine their satisfaction levels and experiences. Results and feedback from surveys are reviewed across departments to discuss and evaluate successes and identify areas for improvement.

The Service Quality – Loyalty Index at the Convention Centre this year reflects a larger and more typical assortment of clients who hosted more complex events compared to 2021/22. At the Convention Centre, all employees, including official and exclusive supplier partners, conduct weekly ‘line-up’ meetings that focus on the facility’s service philosophy, as well as attend a training session focused on service excellence.

In previous fiscal 2021/22, BC Place achieved its highest-ever result for Client Satisfaction with a score of 4.9 out of 5. However, it should be noted that the 2021/22 sample size surveyed was considerably smaller and different from previous years as the survey was completed by event clients during the COVID-19 pandemic whose needs of the venue were significantly less complex than traditional events. During fiscal year 2022/23 BC Place’s Client Satisfaction survey returned to a more traditional mix of clients including many who were themselves dealing with resuming full operations, staffing, and training challenges. The Guest Satisfaction

Survey score of 4.3 exceeded pre-pandemic baseline results and has provided insights on areas requiring further development.

Goal 3: Build a highly engaged workforce

PavCo recognizes the critical role that a highly engaged workforce plays in achieving PavCo's organizational objectives. With the instrumental role our team members play in providing exceptional client and guest experiences, cultivating an environment to attract and retain skilled employees is of critical importance. The benefits of this engagement are numerous, fostering increased levels of productivity, collaboration, commitment, and innovation.

Objective 3.1: Positive Employee Experience

Key results

- Dynamic and productive work culture was achieved through industry-leading policies and practices, employee programs, and enhanced digitization and technology infrastructure.
- The review and enhancement of employee benefit programs focused on employee experience and well-being with priority given to programs supporting mental health, wellness, resilience, and the facilitation of diverse work arrangements.
- Investing in talent management programs - which included aspects of career, leadership and professional development, succession planning, and performance management - optimized leadership skills and employee effectiveness.
- To further the integration of Diversity, Equity & Inclusion (DEI) into PavCo's organizational culture, a DEI strategy was created to support staff education and ensure continuous review of policies, structures, and practices.
- A focus on Indigenous Reconciliation was maintained throughout the organization as part of the Truth and Reconciliation Plan, with specific emphasis on cultural awareness and education. Programs including Indigenous Awareness and Collaborating with Indigenous Peoples were offered to staff throughout the year. Community-based activities were also prioritized, including support for the first Hope and Health Camp Day at BC Place and acting as a marquee for the Vancouver Mural Festival's Blanketing the City campaign.
- The organization's employee and labour relations climate was cultivated to remain respectful and fair, aligning with our DEI Strategy and fostering a culture of innovation and growth where all team members feel a sense of belonging, understanding, and equal opportunity.

Summary of progress made in 2022/23

Throughout the year, PavCo focused on building a culture of service, respect, teamwork and inclusivity, which both supported its existing employee engagement and recruitment efforts for new employees. Focus on both DEI and mental health awareness training supported

employee well-being throughout the year, fostering an inclusive environment and awareness around this important core value of PavCo's.

Performance measure(s) and related discussion

Performance Measure ¹	2019/20 Baseline	2021/22 Actual	2022/23 Target	2022/23 Actual
3.1a Employee Engagement - Score on Annual Employee Surveys, PavCo-wide ²	69%	69%	Maintain or improve upon baseline	67%
3.1b Employee Engagement - Score on Annual Employee Surveys, BC Place ³	59%	55%	Maintain or improve upon baseline	57%
3.1c Employee Engagement - Score on Employee Surveys, Convention Centre ⁴	76%	73%	Maintain or improve upon baseline	64%

Data source:

¹Performance measure targets 3.1a through 3.1c for 2023/24 and 2024/25 were stated in the 2022/23 service plan. For forward-looking planning information, including current targets for 2023/24 – 2025/26, please see the latest service plan on the [BC Budget website](#).

²Annual employee engagement survey (including full-time and part-time employees) conducted by Great Place to Work®. The survey measures employee ratings on the following areas: communication and direction, management effectiveness, commitment to results, job satisfaction, professional workplace and work-life balance, organizational satisfaction and commitment, retention, development, and familiarity with PavCo's service standards. Includes all full-time and part-time PavCo employees at BC Place, the Vancouver Convention Centre and PavCo Head Office.

³Includes all full-time PavCo employees at BC Place.

⁴Includes all full-time and part-time PavCo employees at the Vancouver Convention Centre.

During fiscal year 2022/23, PavCo's workforce returned to pre-pandemic levels. While overall staffing numbers grew from the prior fiscal year, negative market trends in turnover, coupled with a competitive labour market, led to a significant increase in new hires. As a result, the organization focused on strategies to attract new employees to while also focusing on retention to manage turnover. Given the increasing levels of new staff in the organization, training was fundamental to facilitating business activities and operations.

Key highlights this past year included continued focus on diversity, equity, and inclusion (DE&I), mental health and wellness and incorporating a flexible work approach. All team members attended mandatory DE&I training on fostering an inclusive environment, allyship and understanding privilege. Ongoing campaigns to raise awareness on social justice issues focused on topics such as Moose Hide campaign, Reconciliation, PavCo's second annual Pride campaign and more. Mental health education and awareness focused on range of offerings including Working Minds sessions in partnership with the Mental Health Commission of Canada.

The employee engagement survey was held in the last quarter of the fiscal year in partnership with PavCo's third-party survey provider. Despite a challenging two years of pandemic related restrictions, temporary staffing reductions, and an evolving work environment, overall employee engagement results held relatively steady from the surveys conducted in fiscal year 2021/22 and pre-pandemic 2019/20. Focus remained on enhancing ongoing communications and connectivity with the workforce throughout the fiscal year, which included increased one-on-one meetings, weekly staff check-ins, all-staff CEO updates, and more frequent virtual and in person social events.

Financial Report

For the auditor's report and audited financial statements, see [Appendix C](#). These documents can also be found on the PavCo website.

Discussion of Results

Overall financial results for fiscal year 2022/23 were well ahead of budgeted expectations at both venues, indicating recovery to pre-pandemic levels is happening quicker than expected. A net loss of \$4.599 million, an improvement to the budgeted loss of \$27.620 million, was realized from a combination of higher-than-expected revenues, the resulting positive gross margin, and expenditure savings to budget for non-event related areas.

Total operating revenues of \$88.267 million were well ahead of the budget of \$53.479 million, reflecting a strong business recovery and sales efforts. Revenues were generated from lines of business, more typically seen from business segments that existed pre-pandemic, which included consumer shows, major conventions, meetings, exams, filming, live sporting events, concerts, and community events. Total expenses of \$136.560 million were \$12.797 million higher than budget, resulting from the higher than budgeted events and the resulting revenues. For non-event related areas, total expenditures were a \$2.773 million improvement over budget, with the majority of savings to budget related to savings in salaries, fees, and business development.

BC Place had its strongest year to date with the full, unrestricted return of major events in the stadium. Revenue totaling \$30.116 million was \$15.580 million ahead of the \$14.536 million budget, generated through various business streams including live concerts, sporting events such as rugby, football and soccer, filming, service recoveries, and other lease and miscellaneous revenues. Total event and facility operating expenses of \$56.497 million were \$5.427 million higher than the \$51.070 million budget, resulting from higher spending in cost of sales offset by reduced spending in areas such as staffing, fees and other operating costs. The reduced staffing costs to budget were the result of increased turnover and staffing vacancies in certain roles during the year. The overall resulting Net Operating Loss of \$3.516

million was a strong improvement over the budgeted Net Operating Loss of \$17.053 million, reflecting a robust recovery at the Stadium that exceeded both expectations and historical financial results.

For the Vancouver Convention Centre, total revenues also exceeded budget. Revenues of \$58.151 million were \$19.208 million ahead of the \$38.943 million budget and were generated across several business segments including meetings, banquets, major conventions, conferences and consumer and trade shows, and various special events through the year. The higher than budgeted event revenues resulted in higher cost of sales to deliver events, offset by savings of \$1.472 million in other expenditures including staffing, fees, and business development costs. Including event related costs, total expenses of \$80.063 million were \$7.371 higher than budget. The 2022/23 – 2024/25 Service Plan anticipated an overall Net Operating Loss of \$10.566 million, however the Vancouver Convention Centre was well ahead of budget by \$9.483 million and was able to hold the Net Operating Loss to \$1.083 million.

In accordance with the terms of the loan agreement with the Province of British Columbia, PavCo incurred interest charges of \$4.192 million compared to \$4.294 million in 2021/22.

Reflecting prior significant capital investment in PavCo's facilities, amortization of capital assets accounted for \$42.835 million, slightly ahead of budget by \$0.501 million. Net capital expenditures amounted to \$10.773 million, representing a broad range of items such as major and routine capital asset upgrades, guest experience improvements, end of life asset replacements and critical health and safety projects.

Financial Summary

(\$ millions)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenue				
Sales	22.008	52.991	84.833	31.842
Other Revenues	6.352	0.488	3.434	2.946
Revenue from Operations	28.360	53.479	88.267	34.788
Sustaining Contributions	33.035	7.001	7.372	0.371
Deferred Contributions	37.252	35.664	36.322	0.658
Total Revenues	98.647	96.143	131.961	35.818
Cost of Sales	9.972	27.735	42.803	15.068
Staff	20.668	25.848	24.605	(1.243)
Operating	10.845	14.888	14.667	(0.221)
General and Administration	5.079	4.921	5.613	0.692
Business Development	0.295	1.014	0.475	(0.539)
Fees	1.635	2.832	1.370	(1.462)
Loan Interest	4.294	4.192	4.192	0.000
Capital Asset Amortization	43.843	42.334	42.835	0.501
Total Expenses	96.631	123.763	136.560	12.797
Net Income / (Loss)	2.016	(27.620)	(4.599)	23.021

¹ The above financial information was prepared based on current Generally Accepted Accounting Principles.

Variance and Trend Analysis

Financial results for fiscal year 2022/23 reflect a strong business rebound and recovery from the pandemic, which disrupted the entire global meetings and events industry. The demand for meetings, gatherings, large scale events and inbound travel that were previously restricted during the pandemic resulted in a busy calendar of events, driving increased occupancy at both BC Place and the Convention Centre, which were limited only by capacity constraints through the year.

Total revenues from operations represented a significant improvement from revenues realized over the pandemic-impacted past two years and returned to more historical levels similar to those in fiscal year 2019/20. Operating revenues in 2022/23 increased substantially from the prior operating year by \$59.907 million, as clients, events and guests returned to PavCo's

facilities in strong numbers. As a result of the strong year, PavCo did not require further subsidies from the Province of British Columbia beyond previously committed levels.

Over the past year, PavCo also continued to remain an active member in important discussions with industry to support the successful recovery of the events and meetings industry. PavCo is actively engaged with industry partners and key stakeholders regionally, nationally, and internationally in the business recovery and growth efforts.

Risks and Uncertainties

PavCo is exposed to various risks related to its financial and business operations, several of which are described below.

Financial instrument risk - PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities, 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 related only to the value of foreign exchange transactions in the normal course of business, and the Corporation manages this risk by minimizing the number of transactions in foreign funds.

Interest Rate Risk - PavCo is not subject to interest rate risk on its long-term debt as a fixed rate is provided for in the loan agreement with the Province of British Columbia, 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 through the receipt of grants and borrowed 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 related only to the value of accounts receivable in its normal course of business, and the Corporation manages this risk by minimizing the amount of transactions that require recovery. The Corporation continually monitors and manages the collection of receivables from other customers, while adding provisions where collection of balances is less likely.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2022/23 Mandate Letter from the Minister Responsible.

2022/23 Mandate Letter Priority	Status as of March 31, 2023
<p>Ensure PavCo’s programs and investments are aligned with the Strategic Framework for Tourism, and other Government priorities, including support for sport, music, and arts event hosting and pandemic response and recovery.</p>	<p>PavCo’s programs are aligned with the pillars of the Strategic Framework for Tourism: People, Planet, and Prosperity:</p> <ul style="list-style-type: none"> • Rebuilding confidence and driving bookings in B.C.’s business events and conferences industry. • Working with Indigenous partners to preserve and promote living cultures and rich heritage of Indigenous peoples. • Championing leading human resources practices and promoting a variety of job and career opportunities. • Being an inclusive and welcoming destination. <p>PavCo works to support good jobs both internally and by supporting the Province’s tourism value chain.</p> <p>In PavCo’s hosting of sport, music, and arts events, significant contributions have been made to the economy of the Province, including the Province’s pandemic economic recovery.</p> <p>Environmental sustainability is key to PavCo’s strategy, and continued efforts are undertaken to ensure all opportunities for clean growth are harnessed.</p>

2022/23 Mandate Letter Priority	Status as of March 31, 2023
<p>Continue to manage client relationships and explore options to replace lost revenue at PavCo's public facilities and increase operational efficiencies to manage cost impacts of COVID-19.</p>	<p>PavCo continuously evaluates opportunities for improved efficiencies in all aspects of its operations. Additionally, sales teams continue to acquire new business, and existing relationships are strengthened. This has resulted in profitability this fiscal year.</p>
<p>Broaden the community engagement of PavCo's facilities with a wider range of community stakeholders through development and execution of a community engagement strategy.</p>	<p>PavCo clients hosted a wide range of events that were focused on improving the community including fundraisers, community activations and public events. In addition, PavCo directly sponsored and supported similar events for the community throughout the fiscal, ranging from events like the Canada Together Open House at the Vancouver Convention Centre to the Northern Lights illumination program at BC Place that operates throughout the year to support community activities.</p>
<p>Building on the success of the Vancouver Convention Centre, continue to act as a global sustainability leader, and explore cost-efficient opportunities for environmental improvement in all facilities.</p>	<p>Last year, the Vancouver Convention Centre was re-certified for Double LEED Platinum Certification. Additional projects to reduce water use and waste production are ongoing at both facilities.</p>
<p>Continue to explore options for additional revenue streams that align with PavCo's mandate and Government's priorities, while working collaboratively with Indigenous and community partners.</p>	<p>PavCo continues to expand its client base across the sports, music, arts, and business ecosystem. Further, it continues to expand client offerings to drive additional revenue.</p> <p>Engagements with Indigenous and community partners are ongoing to ensure broad participation.</p>
<p>Work with Government and health officials and the events and conventions sector to collaborate on strategies to support the safe resumption and recovery of the sector.</p>	<p>Both facilities are GBAC STAR venue, recognizing PavCo's rigorous protocols in response to biorisk. Both venues reopened in strict compliance with the provincial health regulations and industry best practices, and continually monitor and evolve operations in response to risk.</p>

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

Vancouver Convention Centre

Financial Summary

B.C. Pavilion Corporation

(\$ millions)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenue				
Sales	14.561	38.943	57.627	18.684
Other Revenues	3.244	0.000	0.524	0.524
Revenue from Operations	17.805	38.943	58.151	19.208
Sustaining Contributions	15.834	2.678	0.124	(2.554)
Deferred Contributions	20.764	20.506	20.705	0.199
Total Revenues	54.403	62.127	78.980	16.853
Cost of Sales	7.113	21.392	30.184	8.792
Staff	12.019	15.305	14.224	(1.081)
Operating	8.166	10.735	10.784	0.049
General and Administration	2.651	2.873	3.201	0.328
Business Development	0.170	0.556	0.283	(0.273)
Fees	0.562	1.034	0.539	(0.495)
Capital Asset Amortization	20.919	20.798	20.848	0.050
Total Expenses	51.600	72.693	80.063	7.370
Net Income / (Loss)	2.803	(10.566)	(1.083)	9.483

BC Place**Financial Summary**

(\$ millions)	2021/22 Actual	2022/23 Budget	2022/23 Actual	2022/23 Variance
Revenue				
Sales	7.447	14.048	27.206	13.158
Other Revenues	3.108	0.488	2.910	2.422
Revenue from Operations	10.555	14.536	30.116	15.580
Sustaining Contributions	17.201	4.323	7.248	2.925
Deferred Contributions	16.488	15.158	15.617	0.459
Total Revenues	44.244	34.016	52.981	18.965
Cost of Sales	2.859	6.343	12.619	6.276
Staff	8.649	10.543	10.381	(0.162)
Operating	2.679	4.153	3.883	(0.270)
General and Administration	2.428	2.047	2.412	0.365
Business Development	0.125	0.458	0.192	(0.266)
Fees	1.073	1.798	0.831	(0.967)
Loan Interest	4.294	4.192	4.192	0.000
Capital Asset Amortization	22.924	21.536	21.987	0.451
Total Expenses	45.031	51.070	56.497	5.427
Net Income / (Loss)	(0.787)	(17.053)	(3.516)	13.537

Appendix C: Auditor's Report and Audited Financial Statements

Audited Financial Statements

March 31, 2023

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 the financial reporting framework disclosed in note 2 to these financial statements, 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 is 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.

PricewaterhouseCoopers LLP 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.



Gwendolyn Point
Chair – Board of Directors



Curt Walker, FCPA, FCMA
Chief Financial Officer

Vancouver, British Columbia
June 09, 2023



Independent auditor's report

To the Board of Directors of B.C. Pavilion Corporation and the Ministry of Tourism, Arts, Culture and Sport, Province of British Columbia

Our opinion

In our opinion, the accompanying financial statements of B.C. Pavilion Corporation (the Corporation) as at March 31, 2023 and for the year then ended 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.

What we have audited

The Corporation's financial statements comprise:

- the statement of financial position as at March 31, 2023;
- the statement of operations and change in accumulated surplus for the year then ended;
- the statement of change in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Emphasis of matter – basis of accounting

We draw attention to note 2 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 19 to the financial statements discloses the impact of these differences. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
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T: +1 604 806 7000, F: +1 604 806 7806, ca_vancouver_main_fax@pwc.com

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

Management is responsible for the preparation of the 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.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.



If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 9, 2023

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

	<i>Note</i>	March 31 2023	March 31 2022
Financial Assets			
Cash and cash equivalents	4	27,210	28,853
Restricted Cash	4	350	350
Investments	4	392	417
Accounts receivable	5	14,431	6,272
Due from governments	6	7,222	5,266
		49,605	41,158
Liabilities			
Accounts payable and accrued liabilities	7	18,744	11,086
Due to governments	6	9,523	9,402
Employee leave liability		1,490	1,404
Deferred revenue	8	34,629	31,983
Deferred capital contributions – government	9	758,507	783,638
Deferred capital contributions – other	10	5,309	6,146
Long-term debt	11	125,861	128,972
		954,063	972,631
Net debt		(904,458)	(931,473)
Non-financial assets			
Tangible capital assets	12	948,086	980,148
Inventories held for use		95	145
Prepaid expenses		953	455
		949,134	980,748
Accumulated surplus		44,676	49,275
Contingencies and contractual obligations	13		

Approved on behalf of the board:



Gwendolyn Point.
Chair – Board of Directors



Flavia Coughlan
Chair – Audit & Governance 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>	31-Mar-23		31-Mar-22
		Budget	Actual	Actual
		<i>(Note 17)</i>		
Revenues	20			
Event revenues		44,913	77,251	19,448
Lease revenues		6,245	6,515	6,208
Miscellaneous revenues		2,321	3,434	2,560
Operating contributions - government		7,000	7,372	33,035
Deferred capital contributions -government		34,796	35,485	36,236
Deferred capital contributions - other		868	837	1,016
Interest revenue		-	1,067	144
		96,143	131,961	98,647
Expenses	14,20			
BC Place Stadium		51,066	56,497	45,031
Vancouver Convention Centre		72,692	80,063	51,600
		123,758	136,560	96,631
Annual operating surplus (deficit)		(27,615)	(4,599)	2,016
Accumulated surplus, beginning of year		49,275	49,275	47,259
Accumulated surplus, end of year		21,660	44,676	49,275

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

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

	31-Mar-23		31-Mar-22
	Budget	Actual	Actual
	<i>(Note 17)</i>		
Annual operating surplus (deficit)	(27,615)	(4,599)	2,016
Acquisition of tangible capital assets	(10,000)	(10,773)	(10,212)
Amortization of tangible capital assets	42,334	42,835	43,843
	4,719	27,463	35,647
Acquisition of prepaid expense	-	(5,552)	(4,756)
Use of prepaid expense	-	5,054	4,989
	-	(498)	233
Acquisition of inventory for use	-	(147)	(156)
Use of inventory	-	197	156
	-	50	-
Decrease in net debt	4,719	27,015	35,880
Net debt – beginning of year		(931,473)	(967,353)
Net debt – end of year		(904,458)	(931,473)

The accompanying notes are an integral part of these financial statements

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

	March 31	March 31
	2023	2022
Surplus (Deficit) for the year	(4,599)	2,016
Changes in Non-cash Items Included in Surplus (Deficit):		
Amortization of tangible capital assets	42,835	43,843
Amortization of deferred capital contributions – government	(35,485)	(36,236)
Amortization of deferred capital contributions – other	(837)	(1,016)
Changes in Non-Cash Working Capital Items:		
Accounts receivable	(8,159)	(1,721)
Due from governments	(1,956)	1,407
Due to governments	121	39
Accounts payable and accrued liabilities	7,658	1,187
Employee leave liability	86	89
Deferred revenue	2,646	3,714
Inventories held for use	50	-
Prepaid expenses	(498)	233
<i>Cash provided by or (used in) operating transactions</i>	1,862	13,555
Purchase of tangible capital assets	(10,773)	(10,212)
<i>Cash used in capital transactions</i>	(10,773)	(10,212)
Investing Transactions		
Investment	25	(5)
<i>Cash used in investing transactions</i>	25	(5)
Financing Transactions		
Deferred capital contributions – government	10,354	9,994
Repayment of long-term debt	(3,111)	(3,011)
<i>Cash provided by financing transactions</i>	7,243	6,983
Increase in cash and cash equivalents	(1,643)	10,321
Cash and cash equivalents – beginning of year	29,203	18,882
Cash and cash equivalents – end of year	27,560	29,203

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2023 (tabular amounts in \$000s)

1. Authority and Nature of Operations and Economic Dependence

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

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

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

Economic Dependence

These financial statements have been prepared on a going concern basis. The operations of the Corporation are dependent on continued funding from the Province of British Columbia.

2. Significant Accounting Policies

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

Financial assets

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

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

Tangible capital assets

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

Buildings and improvements	5 to 50 years, straight-line
Leasehold improvements	Over the shorter of the estimated useful life of the

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2023 (tabular amounts in \$000s)

	improvement or the term of the lease, straight-line
Equipment and other capital assets	1 to 10 years, straight-line
Furniture and fixtures	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.

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

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

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

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

Inventories

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

Prepaid expenses

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

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.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

Operating contributions are recognized as income in the period for which they are contributed. Contributions restricted for specific purposes are recorded as deferred contributions and recognized in revenue in the period in which the stipulation or restriction on the contributions have been met.

Capital contributions

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

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

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

Expenses

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

Financial Instruments - recognition and measurement

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

Employee pension plan

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. Defined contribution plan accounting is applied because sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable (note 15).

New accounting standards adopted

Effective April 1, 2022, PavCo adopted section PS 3280 – *Asset Retirement Obligations issued by the Public Sector Accounting Board*. The adoption of this standard does not impact these financial statements.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

3. Measurement Uncertainty

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

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

4. Cash and Investments

	March 31 2023	March 31 2022
Unrestricted cash	27,210	28,853
Restricted cash	350	350
	<u>27,560</u>	<u>29,203</u>
Investments	392	417

Restricted cash consists of a refundable deposit to secure a letter of credit that PavCo issued on behalf of the depositor. A liability for the amount of the deposit is recorded in accounts payable and accrued liabilities. Investments represent PavCo's proportionate interest in the Convention Development Fund, which is a joint initiative with Tourism Vancouver and the Vancouver Hotel Destination Association.

5. Accounts Receivable

	March 31 2023	March 31 2022
Trade	14,845	8,769
Other receivables	1,841	61
Subtotal	<u>16,686</u>	<u>8,830</u>
Less: provision for doubtful accounts	<u>(2,255)</u>	<u>(2,558)</u>
	<u>14,431</u>	<u>6,272</u>

6. Due to and from Governments

	March 31 2023	March 31 2022
Due from federal government	152	52
Due from provincial government	7,070	5,214
Total due from governments	<u>7,222</u>	<u>5,266</u>
Due to provincial government	9,523	9,402

Due from provincial government represent contributions for tangible capital assets purchased this fiscal year.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

7. Accounts Payable and Accrued Liabilities

	March 31 2023	March 31 2022
Trade accounts payable and accrued liabilities	16,638	8,833
Accrued interest on long-term debt	2,073	2,124
Builder's lien and other holdbacks	33	129
	18,744	11,086

8. Deferred Revenue

	March 31 2023	March 31 2022
Unearned lease revenues	18,933	20,587
Unearned event revenue and deposits	15,696	11,396
	34,629	31,983

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

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

9. Deferred Capital Contributions – Government

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

	Balance April 1 2022	Contributions during year	Amortized to revenue	Balance March 31 2023
Government of Canada	165,399	-	(4,556)	160,843
Province of British Columbia	618,239	10,354	(30,929)	597,664
	783,638	10,354	(35,485)	758,507

	Balance April 1 2021	Contributions during year	Amortized to revenue	Balance March 31 2022
Government of Canada	169,955	-	(4,556)	165,399
Province of British Columbia	639,925	9,994	(31,680)	618,239
	809,880	9,994	(36,236)	783,638

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2023 (tabular amounts in \$000s)

9. Deferred Capital Contributions – Government (cont.)

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

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

10. Deferred Capital Contributions – Other

	Balance April 1 2022	Receipts during year	Amortized to revenue	Balance March 31 2023
Other contributions	6,146		(837)	5,309

	Balance April 1 2021	Receipts during year	Amortized to revenue	Balance March 31 2022
Other contributions	7,162	-	(1,016)	6,146

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

11. Long-term Debt

	March 31 2023	March 31 2022
Province of British Columbia	125,861	128,972

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

Under the terms of the loan agreement, the repayable loan was non-interest bearing during the construction and start-up period. Commencing April 2, 2013, PavCo began repaying the loan by providing semi-annual blended payments of principal and interest. For fiscal year 2023, \$3.11 million was repaid on the loan with \$4.19 million paid in interest.

The parties negotiated a reduced interest rate from 4.89% to 3.29% effective November 1, 2015 until fiscal year 2049. The current repayment schedule reflects loan payments by PavCo of \$7.33 million for fiscal years 2023 through 2048 and \$3.7 million for fiscal year 2049.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

12. Tangible Capital Assets

	BC Place	Vancouver Convention Centre⁽¹⁾	March 31 2023	March 31 2022
Land	31,292	41,442	72,734	72,734
Buildings and improvements	325,608	511,970	837,578	869,084
Leasehold improvements	-	22,215	22,215	22,624
Equipment	3,325	2,998	6,323	5,287
Furniture and fixtures	7,013	759	7,772	8,520
Computer hardware/software	978	486	1,464	1,899
Total	368,216	579,870	948,086	980,148

(1) Includes Shared Services office assets

Included above as at March 31, 2023 is work-in-progress in the below tangible capital asset categories.

	BC Place	Vancouver Convention Centre	March 31 2023	March 2022
Buildings and improvements	3,060	2,297	5,357	5,180
Leasehold improvements	-	4,075	4,075	2,412
Equipment	871	961	1,832	526
Furniture and fixtures	-	381	381	223
Computer hardware/software	79	291	370	306
Work-in-Progress	4,010	8,005	12,015	8,647

Artwork

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

The Vancouver Convention Centre's comprehensive art program, which was produced as part of the west facility expansion, includes various paintings, sculptures, First Nations pieces, and other items. The historical cost of these art pieces at March 31, 2023 is \$6.2 million (\$6.2 million at March 31, 2022).

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, 2023 (tabular amounts in \$000s)

12. Tangible Capital Assets (cont.)

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2023
Cost:								
Opening balance	72,734	1,308,850	50,229	73,338	35,374	25	6,620	1,547,170
Additions	-	4,757	2,155	2,636	559	-	666	10,773
Disposals and adjustments	-	6	-	(699)	(8)	-	(156)	(857)
Closing balance	72,734	1,313,613	52,384	75,275	35,925	25	7,130	1,557,086
Accumulated amortization:								
Opening balance	-	(439,766)	(27,605)	(68,051)	(26,854)	(25)	(4,721)	(567,022)
Amortization expense	-	(36,269)	(2,564)	(1,600)	(1,301)	-	(1,101)	(42,835)
Effect of disposals and adjustments	-	-	-	699	2	-	156	857
Closing balance	-	(476,035)	(30,169)	(68,952)	(28,153)	(25)	(5,666)	(609,000)
Net book value	72,735	837,578	22,215	6,323	7,772	-	1,464	948,086

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

12. Tangible Capital Assets (cont.)

	Land	Buildings and improvements	Leasehold improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2022
Cost:								
Opening balance	72,734	1,303,059	48,729	73,584	35,058	25	7,876	1,541,065
Additions	-	7,198	1,500	825	249	-	440	10,212
Disposals and adjustments	-	(1,407)	-	(1,071)	67	-	(1,696)	(4,107)
Closing balance	72,734	1,308,850	50,229	73,338	35,374	25	6,620	1,547,170
Accumulated amortization:								
Opening balance	-	(405,124)	(24,996)	(66,780)	(25,260)	(25)	(5,100)	(527,285)
Amortization expense	-	(35,969)	(2,609)	(2,351)	(1,594)	-	(1,320)	(43,843)
Effect of disposals and adjustments	-	1,327	-	1,080	-	-	1,699	4,106
Closing balance	-	(439,766)	(27,605)	(68,051)	(26,854)	(25)	(4,721)	(567,022)
Net book value	72,734	869,084	22,624	5,287	8,520	0	1,899	980,148

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2023 (tabular amounts in \$000s)

13. Contingencies and Contractual Obligations

a) *Contingent liabilities*

- i) Environmental - PavCo remains liable for environmental and reclamation obligations for known hazards that may exist at its facilities and has recognized soil remediation costs in the financial statements. As at March 31, 2023, management is not aware of any additional existing environmental problems related to its facilities that may result in material liability to the Corporation.

- ii) Legal - the Corporation is named in various legal actions resulting from operations at PavCo's facilities. No determination can be made on the eventual outcome or disposition of the legal actions. PavCo does not expect the outcome of any proceedings, individually or in the aggregate, to have a material impact on the Corporation's financial position.

b) *Contractual obligations*

- i) Operating leases and maintenance - the Corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2027. These represent total commitments as follows:

Fiscal 2024	6,168
Fiscal 2025	5,202
Fiscal 2026	3,960
Fiscal 2027	3,007
Fiscal 2028 and beyond	0

- ii) Capital projects - at March 31, 2023, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining capital obligations as follows:

Fiscal 2024	806
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c) *Contractual Rights*

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. PavCo's contractual rights arise as a result of contracts entered into a 70-year lease agreement with a third party. Lease revenues recognized annually related to this lease are \$3.0 million.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

14. Expenses by Object

The following summarizes expenses by object:

	2023	2023	2022
	Budget	Actual	Actual
Event direct costs	27,734	42,803	9,972
Salaries, wages and benefits	25,843	24,605	20,668
Operating expenses	14,888	14,667	10,845
General and administration	5,709	5,613	5,079
Business development	1,006	475	295
Professional consulting fees	2,052	1,370	1,635
Interest on long-term debt	4,192	4,192	4,294
Amortization	42,334	42,835	43,843
	123,758	136,560	96,631

15. Employee Pension Plan

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

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2020, indicated a funding surplus of \$2.667 billion for basic pension benefits. The next valuation will be as at March 31, 2023.

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

Contributions to the plan by PavCo for fiscal 2023 were \$1.933 million (2022 - \$1.509 million).

16. Related Party Transactions

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

17. Budgeted Figures

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2022/23 – 2024/25 Annual Service Plan which was approved by PavCo's Board of Directors on January 28, 2022.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

18. Financial Instruments

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

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

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

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

Liquidity Risk - Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due. PavCo manages liquidity risk by continually monitoring cash flows and through the receipt of grants and borrowed funds from its shareholder.

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

Within one year - \$3.2 million
One to five years - \$17.7 million
Over five years - \$104.9 million

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

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

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

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2023 (tabular amounts in \$000s)

If PavCo had recorded deferred capital contributions under PSAS rather than the accounting policy described under note 2, deferred capital contributions recognized as revenue for the year ended March 31, 2023 would have increased by \$9.692 million (2022 - increased by \$9.994 million) and the annual operating deficit would have decreased by \$9.692 million (2022 - decreased by \$9.994 million).

As at March 31, 2023, deferred capital contributions used to purchase tangible capital assets would have decreased by \$763.8 million (2022 - decreased by \$789.8 million) and the accumulated surplus would have increased by \$763.8 million (2022 - increased by \$789.8 million).

20. Segmented Information

PavCo reports segmented information by its operating divisions: BC Place Stadium and the Vancouver Convention Centre. BC Place Stadium and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events. Revenues, expenses and tangible capital assets by facility are provided in the following tables:

	<i>BC Place⁽¹⁾</i>		<i>Vancouver Convention Centre^{(1) (2)}</i>		<i>Total</i>	
	2023	2022	2023	2022	2023	2022
Revenues						
Event revenues	23,500	5,065	53,751	14,383	77,251	19,448
Lease revenues	3,054	3,039	3,461	3,169	6,515	6,208
Miscellaneous revenues ⁽³⁾	2,910	2,382	524	178	3,434	2,560
Operating contributions - government	7,248	17,201	124	15,834	7,372	33,035
Deferred contributions - government	15,039	15,749	20,446	20,487	35,485	36,326
Deferred contributions - other	578	739	259	277	837	1,016
Interest revenue	652	69	415	75	1,067	144
	52,981	44,244	78,980	54,403	131,961	98,647
Expenses						
Event direct costs	12,619	2,859	30,184	7,113	42,803	9,972
Salaries, wages and benefits	10,381	8,649	14,224	12,019	24,605	20,668
Operating expenses	3,883	2,679	10,784	8,166	14,667	10,845
General and administration	2,412	2,428	3,201	2,651	5,613	5,079
Business development	192	125	283	170	475	295
Professional consulting fees	831	1,073	539	562	1,370	1,635
Interest on long-term debt	4,192	4,294	-	-	4,192	4,294
Amortization	21,987	22,924	20,848	20,919	42,835	43,843
	56,497	45,031	80,063	51,600	136,560	96,631
(Deficit) surplus for the year	(3,516)	(787)	(1,083)	2,803	(4,599)	2,016

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

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

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

20. Segmented Information (cont.)

BC Place	Land	Buildings & Improvements	Equipment	Furniture & Fixtures	Computer Hardware & Software	2023	2022
Cost:							
Opening balance	31,292	570,332	53,215	24,398	4,106	683,343	680,972
Additions	-	2,225	1,842	211	503	4,781	5,049
Disposals and adjustments	-	-	(699)	-	(156)	(855)	(2,678)
Closing balance	31,292	572,557	54,358	24,609	4,453	687,269	683,343
Accumulated amortization:							
Opening balance	-	(227,694)	(50,899)	(16,534)	(2,794)	(297,921)	(277,675)
Amortization expense	-	(19,255)	(833)	(1,062)	(837)	(21,987)	(22,924)
Effect of disposals & adjustments	-	-	699	-	156	855	2,678
Closing balance		(246,949)	(51,033)	(17,596)	(3,475)	(319,053)	(297,921)
Net book value – March 31	31,292	325,608	3,325	7,013	978	368,216	385,422

20. Segmented Information (cont.)

Vancouver Convention Centre	Land	Buildings & Improvements	Leasehold Improvements	Equipment	Furniture & Fixtures	Vehicles	Computer Hardware & Software	2023	2022
Cost:									
Opening balance	41,442	738,518	50,229	20,123	10,976	25	2,514	863,827	860,093
Additions	-	2,532	2,155	794	348	-	163	5,992	5,163
Disposals and adjustments	-	6	-	-	(8)	-	-	(2)	(1,429)
Closing balance	41,442	741,056	52,384	20,917	11,316	25	2,677	869,817	863,827
Accumulated amortization:									
Opening balance	-	(212,072)	(27,605)	(17,152)	(10,320)	(25)	(1,927)	(269,101)	(249,610)
Amortization expense	-	(17,014)	(2,564)	(767)	(239)	-	(264)	(20,848)	(20,919)
Disposal	-	-	-	-	2	-	-	2	1,428
Closing balance	-	(229,086)	(30,169)	(17,919)	(10,557)	(25)	(2,191)	(289,947)	(269,101)
Net book value - March 31	41,442	511,970	22,215	2,998	759	-	486	579,870	594,726

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.

