

# **B.C. PAVILION CORPORATION**

## **ANNUAL REPORT April 1, 2011 to March 31, 2012**



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## MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE



David R. Podmore  
Chair

*“Vancouver has once again been named North America’s top destination for international meetings by the International Congress and Convention Association. The city has been previously awarded the prestigious title in 2006, 2008 and 2010.”*

I am pleased to present the Annual Report for B.C. Pavilion Corporation (PavCo) for the year ended March 31, 2012.

PavCo’s mandate is to increase economic benefit to British Columbia through the operation of British Columbia’s premier event facilities: BC Place Stadium (BC Place) and the Vancouver Convention Centre.

PavCo exceeded its financial and other targets for the year, and operated within Shareholder approved funding levels. Revenues at \$83.4 million were the highest in the Corporation’s history.

During Fiscal 2011/12, the number of non-resident delegate days recorded at the Vancouver Convention Centre was the highest ever at over 537,000. This surpassed forecasts and also exceeded the annual target set in the original plans for construction of the expanded Centre. We also expect to exceed the targets set for Fiscal 2012/13.

Three years ago, we embarked on a project to revitalize BC Place. This was an exceptionally challenging project in terms of engineering, design and build. BC Place reopened on September 30, 2011 and has been transformed from an aging and out of date venue into a stunning new facility that is one of the most technologically advanced stadiums anywhere. I am pleased to report that the refurbishment project at BC Place completed within its final government approved budget of \$563 million. This has been at a significantly lower cost than for a replacement facility. Improvements to the facility have made it better suited for year round business activity, far more flexible in turnaround between events, and an icon on Vancouver’s landscape.

PavCo has been very successful in attracting high profile events to British Columbia during the past fiscal year. In addition to securing the Vancouver Whitecaps FC as a new tenant, BC Place has hosted many high profile events including the 2011 Grey Cup and the 2012 CONCACAF Olympic Women’s qualifying soccer tournament. At the Vancouver Convention Centre, there were close to 60 conventions including the Special Interest Group on Computer Graphics and Interactive Techniques 2011 Annual Conference, and the Risk Insurance Management Society Annual Convention.

BC Place continues to gain recognition as an outstanding new venue in the international marketplace. BC Place was awarded ‘Project of the Year’ at the International Stadium Business Awards in Europe. It has also been nominated in the ‘New Construction’

*“PavCo’s mandate is to create significant economic and community benefits for the people of British Columbia by developing, marketing and operating iconic world class public convention, sports and entertainment facilities.”*

category for the 2012 BC Hydro PowerSmart Excellence Awards, and a number of construction industry and lighting awards.

Recently, in addition to its core convention business, the Vancouver Convention Centre has been successful in capturing non-traditional business activity as part of an overall strategy to cultivate new markets. Specifically, the Centre is attracting film, entertainment and sport-themed events. We continue to pursue these events as they often provide business during non-core convention periods, generate significant positive media attention worldwide and also stimulate economic activity for British Columbia.

At the Vancouver Convention Centre, PavCo’s business partnerships have put it ahead of its competition for service excellence. In fact, the Centre was honoured with the International Association of Congress Centres’ 2011 Innovation Award recognizing its Service Excellence Program. During the past year, the Convention Centre also earned other prestigious industry awards, including the International Association of Venue Mangers’ 2011 Venue Excellence Award. The Centre is leveraging the profile garnered by these awards along with the strong partnerships with its regional industry partners to maximize business opportunities.

On behalf of the Board of Directors, I would like to thank management and staff for their contribution to the organization and its continued success.

## ACCOUNTABILITY STATEMENT

The 2011/12 PavCo Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act, and the BC Reporting Principles. I am accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of PavCo for the 12 months ended March 31, 2012 in relation to the Service Plan published in February 2011.

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

All significant assumptions, policy decisions, events and identified risks, as of May 30, 2012, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate, direction, goals, strategies, measures or targets made since the 2011/12 to 2013/14 Service Plan was released and any significant limitations in the reliability of data are identified in the report.



David Podmore  
Chair of the Board

# ORGANIZATIONAL OVERVIEW

## Legislation

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

Division	Purpose	Ownership
<b>Vancouver Convention Centre</b>	<p>Vancouver Convention Centre is British Columbia's flagship Convention Centre.</p> <p>It provides space for conventions, trade and consumer shows, meetings, and banquets; as well as infrastructure for hosting key City-wide conventions, events and sport-themed events.</p> <p>It drives the development of business tourism throughout British Columbia; supporting the province-wide convention and meetings industry, and contributes towards the increase in provincial hotel and hospitality business.</p> <p>It generates economic benefits to the whole community through attracting business tourism from outside of British Columbia and Canada.</p> <p>It supports and promotes community events and activities.</p>	<p>Located in Vancouver, the Vancouver Convention Centre West is owned and operated by PavCo.</p> <p>Vancouver Convention Centre East is operated under a lease with Canada Place Corporation, a Federal Crown Corporation.</p>
<b>BC Place</b>	<p>BC Place is the largest public gathering place in British Columbia.</p> <p>It provides space for sports, entertainment, trade and consumer shows and special events.</p> <p>It provides infrastructure for hosting key City-wide events and international competitions.</p> <p>It generates economic benefits to the community through showcasing BC businesses at trade and consumer shows, and also through attracting guests from outside of Greater Vancouver.</p> <p>It supports and promotes community events and activities.</p>	<p>Located in Vancouver, BC Place is owned and operated by PavCo.</p>
<b>Corporate Services</b>	<p>Provides liaison between the Shareholder, Board of Directors, and Facilities.</p> <p>Oversees financial reporting, budgeting, risk management, policies and procedures, and controls processes for the Corporation.</p>	<p>The Corporate Services division is located in downtown Vancouver</p>

# ORGANIZATIONAL OVERVIEW

## Stakeholders

Principal stakeholders include the Provincial Government; the Government of Canada and Tourism Vancouver as contributing partners to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; and the general public who attend events.



BC Place



Vancouver Convention Centre

As a facility operator, PavCo contracts many event functions to third parties in order to achieve the most effective service delivery model. The most significant contracts are with Servomation Inc. (doing business as Centerplate), which provides food services at both BC Place and the Vancouver Convention Centre.

As a customer-driven organization, PavCo continuously measures the satisfaction of clients and guests at its facilities. This includes rating satisfaction of the sales process, the services provided and the overall experience that patrons have enjoyed while visiting the facilities. The results are monitored and acted upon promptly, as PavCo's long-term reputation could be at risk.

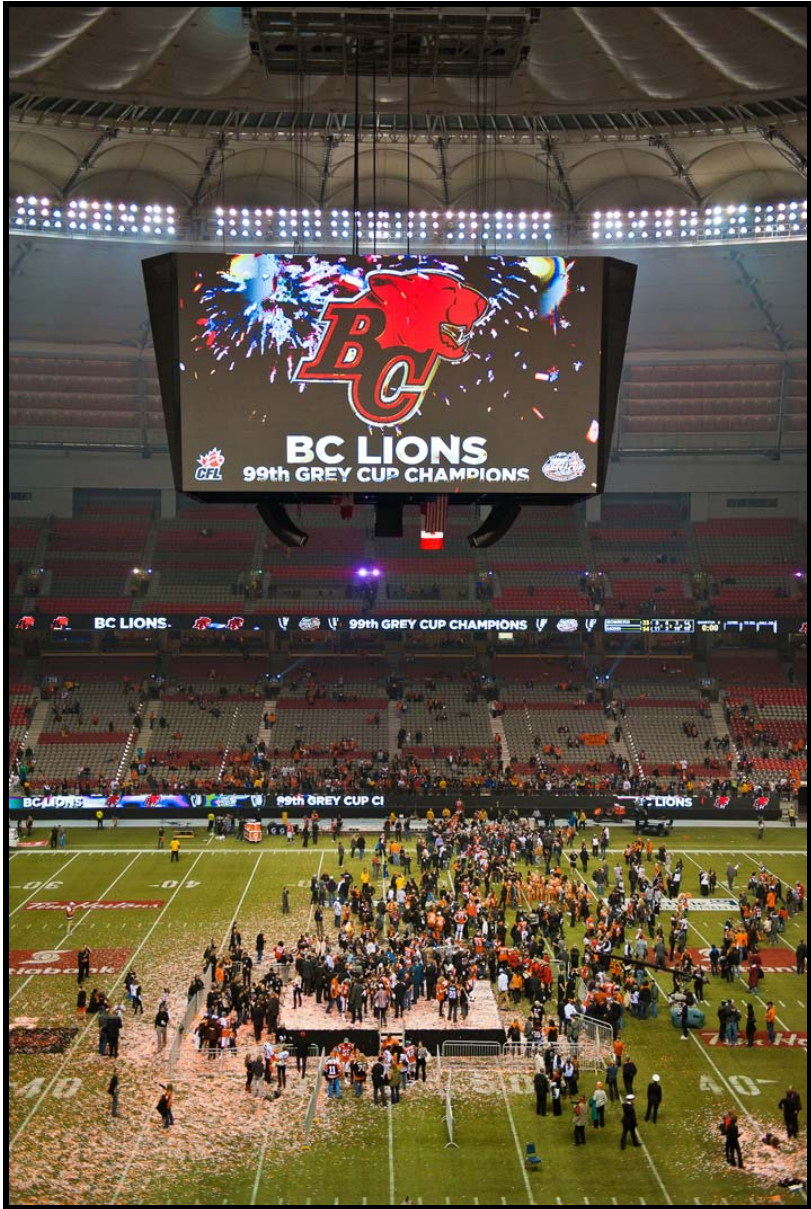
PavCo's Vision, Mission and Values can be referenced at <http://www.bcpavco.com/index>.

# CORPORATE GOVERNANCE

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

Governance matters are communicated to the Board through the Government’s Letter of Expectations. This letter is an agreement of the respective roles and responsibilities of each and serves as the basis of agreement between the Shareholder and PavCo, including the high-level performance expectations, public policy issues and strategic priorities.

The Government’s Letter of Expectations between the Shareholder and PavCo, against which progress is being reported, was dated December 16, 2010 and can be found on the PavCo website at <http://www.bcpavco.com/resources>.



99<sup>th</sup> Grey Cup

*“Governance matters are communicated to the Board through the Shareholder’s Letter of Expectations.”*



# CORPORATE GOVERNANCE

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

Board / Committee	Members	Board/Committee Role
<b>Board of Directors</b>	Chair: David Podmore Directors: Theresa Breining Bob Bryant Susan Gomez John Horning Miriam Kresivo Terry Lyons Grant Ritchie	Ensure the Board and management operate in good faith, in compliance with regulatory and legal requirements, and to the highest ethical and moral standards.  Individual biographies of the Board Chair and Directors are found at <a href="http://www.bcpavco.com/team">http://www.bcpavco.com/team</a>
<b>Audit and Finance</b>	Chair: Terry Lyons Members: John Horning Miriam Kresivo	Oversee the financial reporting process. Review financial statements, audit plans, reports, and controls with Auditors.  Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management, and other related matters.
<b>Construction</b>	Chair: David Podmore Members: Terry Lyons Grant Ritchie	Monitor progress on the Corporation's major capital projects.
<b>Corporate Governance</b>	Chair: Miriam Kresivo Members: John Horning Terry Lyons	Monitor governance, Board effectiveness, staffing, compensation issues, and the implementation of all structural changes to the organization.
<b>Marketing &amp; Communications</b>	Chair: Bob Bryant Members: Terry Breining Susan Gomez	Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization.

All Committees review and develop policy in their specified areas and make recommendations to the Board. The Board of Directors has a regular meeting schedule, prepared in advance of each calendar year, and the Committees meet as required.

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

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

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

# CORPORATE GOVERNANCE

## Operating Divisions and Senior Management Teams

### Corporate Services

Warren Buckley, President and Chief Executive Officer <sup>(1)</sup>

John Harding, Chief Financial Officer and Corporate Secretary <sup>(1)</sup>

Krista Freeman, Director of Finance <sup>(1)</sup>

### BC Place

Howard Crosley, General Manager <sup>(1)</sup>

Kathy deLisser, Assistant General Manager, Guest Experience

Deborah Dutton, Director, Event Operations

Brian Griffin, Director, Facility Operations

Jackie Ing, Director, Human Relations and Labour Relations

Dan Quan, Director, Finance

Graham Ramsay, Director, Sales and Marketing

Harvey Repp, Director, Engineering and Maintenance

### Vancouver Convention Centre

Ken Cretney, General Manager <sup>(1)</sup>

Craig Lehto, Assistant General Manager

Anthony Busby, Financial Controller

Andrea Horton, Director Human Resources

Claire Smith, Vice President, Sales and Marketing

<sup>(1)</sup> Corporation Officers

*“Known for their leadership in the exhibition, trade, meeting and event industries, our Management Teams have a genuine commitment to excellence and a global perspective on what our local, national and international clients need.”*

– [www.bcpavco.com](http://www.bcpavco.com)

*“Shout out to the amazing staff at @bcplace for finding my Oakleys and making it so easy to get them back #worldclassvenue #worldclassstaff”*

- Customer feedback

# REPORT ON PERFORMANCE

PavCo completed Fiscal 2011/12 with record revenues from its operations, the highest numbers of non-residents visiting the Vancouver Convention Centre, and also the highest generation of economic benefit to British Columbia through its operations. Fiscal 2011/12 was the busiest year ever for major conventions in Vancouver, boosting tourism and hotel room occupancy throughout the region. Most of the conventions that took place were booked several years ago, and future bookings remain strong.

Fiscal 2011/12 was a year of transformation for PavCo. BC Place reopened for operations on September 30, 2011, following 18 months of closure for revitalization. PavCo now has two of the most modern and technologically equipped event facilities in North America. Though the economic downturn continues to have a negative effect on the event business in North America, PavCo was able to exceed its revenue targets at both facilities.

Construction at BC Place completed within its \$563 million budget. The facility operated for the second half of the fiscal year with a variety of sporting and spectator events in addition to its annual consumer shows. Negotiations were also completed for the sale of rights to a neighbouring land owner, fulfilling PavCo's directive in the Government's Letter of Expectations "Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding."

PavCo has a mediator in place who continues to work with the parties in resolving the differences between Vancouver Harbour Flight Centre and the Float Plane operators regarding use of the Float Plane Terminal at the Vancouver Convention Centre.

Throughout the recent economic downturn, Vancouver Convention Centre continued to grow business, and revenues have surpassed projections. The facility recorded its busiest year ever in Fiscal 2011/12, with record event related revenues. Fiscal 2012/13 revenues are expected to exceed the targets set in prior years' business plans. Significant rental and other incentives being offered by many North American convention facilities has created a buyer's market for events and many event planners are waiting longer to confirm bookings. In order to supplement revenues in non-peak business periods, Vancouver Convention Centre is diversifying its business mix by attracting non-traditional event types such as film shoots and concerts. Due to the recent tripling in size of convention and exhibition space at Vancouver Convention Centre, it is also able to host events that it was previously unable to accommodate.

The replacement of the air supported roof at BC Place with a cable supported structure and associated upgrades has significantly transformed the facility's marketability, creating new opportunities for it to compete for business not previously considered viable under its old configuration. The CONCACAF Olympic Women's' Qualifying soccer event in January 2012 and the Roger Waters "THE WALL live" tour have highlighted the versatility of the venue for set up of events, increased comfort of patrons in all weather conditions, and improved sound quality at spectator events.

Following positive worldwide media coverage from the 2010 Olympic and Paralympic Winter Games and increased marketability due to the size and versatility of PavCo's two facilities, PavCo is now able to compete for events that would not previously have been viable, including international sporting events and series. These events generate significant benefits to their host communities, so competition to host them is extremely high. PavCo is working with the tourism industry and stakeholders to fund bids for future events, which will bring thousands of new visitors to British Columbia in future years.

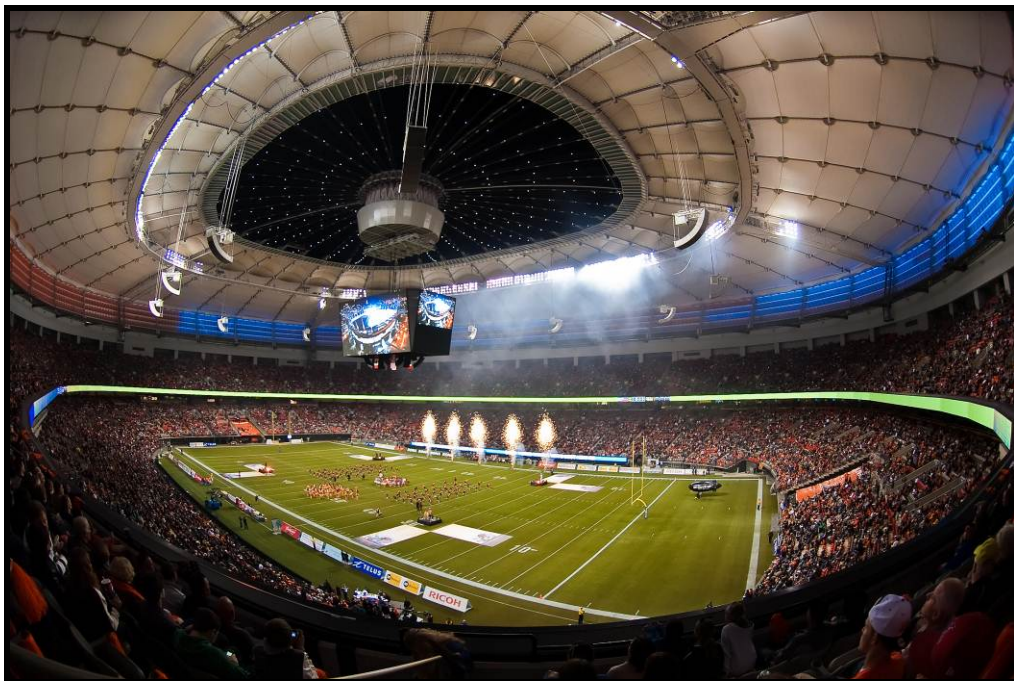
*"BC Place was one of the easiest venues to work with because of its size. It's very user friendly."*

*Tour Production  
Manager – Roger  
Waters Concert. May  
2012 - Vancouver Sun*

# REPORT ON PERFORMANCE

Similar to other facilities worldwide, market rental rates at BC Place and the Convention Centre are such that revenues from operations are insufficient to cover operating and capital expenses. The resulting shortfalls are covered by contributions from the Ministry of Jobs, Tourism and Innovation, and represent a small proportion of the overall economic benefits generated through PavCo's operations.

PavCo directly, and through its contracts and construction activity, engages thousands of workers at its facilities. Many of these employees work on a part-time basis, as their employment hours are based on event schedules. The number of part time employees has increased significantly since BC Place reopened, as a result in the increase in number of spectator events, and the requirement to better attend to the needs of clients and guests.



# REPORT ON PERFORMANCE

## *Strategic Goals*

PavCo has the following strategic goals:

1. Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder;
2. Maintain and increase client services and satisfaction;
3. Maintain and improve the facilities under our management; and
4. Increase innovation, learning, and growth.

## *Performance Measures and Targets*

### **GOAL 1 – MAXIMIZE REVENUES AND ECONOMIC GROWTH, AND USE FUNDING IN A MANNER THAT PROVIDES OPTIMUM RETURN TO THE SHAREHOLDER**

We strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-province fill hotel rooms, patronize provincial businesses, and conduct pre- and post- event activities throughout the Province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on Shareholder funding.

It is important for PavCo to maximize private sector revenue and to use the funding provided in the areas most likely to generate long-term economic benefits to British Columbia and profitability to the organization.

#### **Key Strategies**

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

- creating a compelling vision and model for marketing the newly expanded Convention Centre
- seeking events from out-of-province which will generate the maximum amount of economic benefits to our community
- seeking and creating high-profile events that will promote growth and support for British Columbia's business base
- pursuing global markets for long-term growth
- diversifying markets to stabilize long-term business
- repositioning our facilities as being more flexible to users; and
- increasing operational efficiencies

# REPORT ON PERFORMANCE

<b>Goal 1 – Measure 1</b>						
<b>Compare economic benefits generated (in \$ millions)</b>						
Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
2009/10	2010/11	Target	Actual	2012/13	2013/14	2014/15
<b>Economic Impact from out-of-Province visitors to the Vancouver Convention Centre</b>						
\$264 <sup>(i)</sup>	\$716 <sup>(ii)</sup>	<b>\$823</b>	<b>\$914</b>	\$648	\$697	\$753
<p>(i) Benefits generated during Fiscal 2009/10 do not include those from the 2010 Olympic and Paralympic Winter Games, as these benefits are recorded elsewhere by Government.</p> <p>(ii) Output for the Convention Centre increased in Fiscal 2010/11 as it was the first year of full operations for the expanded facility.</p>						

Unlike many other convention centres, the Vancouver Convention Centre calculates only the economic impact that arises from non-resident delegate and organizer spending rather than overall spending by both local and non-resident delegates.

<b>Goal 1 – Measure 1</b>						
<b>Compare economic benefits generated (in \$millions)</b>						
Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
2009/10	2010/11	Target	Actual	2012/13	2013/14	2014/15
<b>Gross domestic product from events at the Vancouver Convention Centre</b>						
\$90 <sup>(i)</sup>	\$242 <sup>(ii)</sup>	<b>\$279</b>	<b>\$309</b>	\$219	\$236	\$255
<p>(i) The Convention Centre was the Broadcast and Media Centre for the 2010 Olympic and Paralympic Winter Games. Fiscal 2009/10 targets did not include estimates of benefits generated during the period of Olympic occupancy.</p> <p>(ii) Benefits increased in Fiscal 2010/11 as it was the first year of full operations for the expanded Convention Centre.</p>						



# REPORT ON PERFORMANCE

<b>Goal 1 – Measure 1</b>						
<b>Compare economic benefits generated (in \$ millions)</b>						
Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
2009/10 <sup>(i)</sup>	2010/11 <sup>(ii)</sup>	Target	Actual <sup>(iii)</sup>	2012/13	2013/14	2014/15
<b>Economic Impact from Events at BC Place</b>						
BC Place from all spending \$40	\$3	<b>\$56</b>	<b>\$71</b>	\$100	\$105	\$110
BC Place out-of Province Spending \$16	\$1	<b>\$17</b>	<b>\$22</b>	\$23	\$23	\$23
<p><sup>(i)</sup> Benefits generated during Fiscal 2009/10 do not include those from the 2010 Olympic and Paralympic Winter Games, as these benefits are recorded elsewhere by Government.</p> <p><sup>(ii)</sup> BC Place was open for only one event during Fiscal 2010/11 due to closure for renovations.</p> <p><sup>(iii)</sup> Economic impact generated through BC Place operations in Fiscal 2011/12 was for a six month period due to the facility being closed for renovations.</p>						

Economic impacts are calculated based on: surveyed or estimated expenditures by organizers and visitors at events in our facilities; subsequent spending in the Province following the event; the multiplier effect through the economy of such spending. Estimates for future years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

<b>Goal 1 – Measure 2</b>						
<b>Increased non-resident delegate days at the Vancouver Convention Centre <sup>(i)</sup></b>						
Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
2009/10	2010/11	Target	Actual	2012/13	2013/14	2014/15
156,571 <sup>(ii)</sup>	427,000 <sup>(iii)</sup>	<b>522,000</b>	<b>537,882 <sup>(iii)</sup></b>	403,000	425,000	450,000
<p><sup>(i)</sup> Per KPMG 2002, a “non-resident delegate” is a delegate originating from (or normally residing) outside of the Province of British Columbia. “Non-resident delegate days” is the aggregate number of days that a non-resident delegate attends events at the Convention Centre.</p> <p><sup>(ii)</sup> Attendance numbers for Fiscal 2009/10 do not include media for the 2010 Olympic and Paralympic Winter Games,</p> <p><sup>(iii)</sup> Non resident delegate attendance increased significantly in Fiscal 2010/11, as it was the first full operating year for the expanded Convention Centre.</p>						

# REPORT ON PERFORMANCE

<b>Goal 1 – Measure 3</b>						
<b>Increased attendance – BC Place</b>						
Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
2009/10 <sup>(i)</sup>	2010/11 <sup>(ii)</sup>	Target	Actual <sup>(iii)</sup>	2012/13	2013/14	2014/15
1,270,000	81,000	<b>629,000</b>	<b>646,000</b>	1,400,000	1,500,000	1,500,000
<p><sup>(i)</sup> Attendance for Fiscal 2009/10 included the Opening and Closing Ceremonies for the 2010 Winter Olympic Games, the Opening Ceremonies for the Paralympic Games, and nightly Medal Ceremonies.</p> <p><sup>(ii)</sup> Only one event occurred in Fiscal 2010/11 due to closure for Stadium retrofit.</p> <p><sup>(iii)</sup> BC Place reopened for business operations on September 30, 2011. Attendance for Fiscal 2011/12 was for a half year of operations.</p>						
<p>Attendance at BC Place events reflects the facility's importance as a gathering place for the people of British Columbia and visitors to the province. Accordingly, attendance is a key measure of the success of the facility and its clients. Attendance drives food and beverage sales and is the foundation for sponsorship revenue generation.</p>						

<b>GOAL 2 – MAINTAIN AND INCREASE CLIENT SERVICES AND SATISFACTION</b>
<p>By increasing the satisfaction of our customers, PavCo's reputation as an organization capable of attracting and producing world-class events will drive future attendance levels. This will further enable us to achieve our primary goal of maximizing economic and community benefits in British Columbia. Many of our guests from out-of-province spend extra time in the province post event, and often return with their families as tourists at a later date.</p>
<p><b>Key Strategies</b></p> <ul style="list-style-type: none"> <li>• Continue to provide a high level of service to support retaining our customers;</li> <li>• Work with our industry partners to attract guests who will bring the greatest amount of benefits to the local and provincial economies; and</li> <li>• Promote our facilities as the preferred venues for client target markets.</li> </ul>

<b>Goal 2 – Measure 1</b>						
<b>Service quality survey scores</b>						
Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
2009/10	2010/11	Target	Actual	2012/13	2013/14	2014/15
<i>Vancouver Convention Centre</i> 87%	88%	<b>90%</b>	<b>94%</b>	90%	90%	90%
<i>BC Place</i> 82%	N/A <sup>(i)</sup>	<b>85%</b>	<b>91%</b> <sup>(ii)</sup>	90%	90%	90%
<p><sup>(i)</sup> BC Place was closed for Fiscal 2010/11 so service quality was not measured for the year.</p> <p><sup>(ii)</sup> BC Place's service quality score for Fiscal 2011/12 reflects results from guest satisfaction surveys taken after the Stadium reopened. No client surveys were undertaken.</p>						



# REPORT ON PERFORMANCE

Quality surveys are conducted with clients and guests at both facilities to determine client expectations and satisfaction levels. Wherever possible, both facilities improve service levels as a result of feedback. The event business is very competitive, and client satisfaction is critical.

Client and guest satisfaction scores measure of all aspects of the customer experience, from the overall condition of the facilities, to the availability and delivery of services, to costs. PavCo recognizes that it is far more difficult to replace customers than to keep them, and therefore endeavours to maintain and improve customer satisfaction.

## Goal 2 – Measure 2

### Occupancy days – BC Place

Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
2009/10 <sup>(i)</sup>	2010/11 <sup>(ii)</sup>	Target	Actual <sup>(iii)</sup>	2012/13	2013/14	2014/15
243	N/A	110	129	250	260	250

<sup>(i)</sup> Fiscal 2009/10 occupancy days include all of the days required for the 2010 Olympic and Paralympic Winter Games.  
<sup>(ii)</sup> BC Place was closed for business in Fiscal 2010/11 and reopened in September 2011.  
<sup>(iii)</sup> Occupancy days shown for Fiscal 2011/12 are for 6 months of event operations.

Occupancy days consist of building conversion, event move in, move out and the actual event opening or public days. Occupancy days are a measure of how busy the Stadium is with direct event related activity.

## GOAL 3 – MAINTAIN AND IMPROVE THE FACILITIES UNDER OUR MANAGEMENT

PavCo is striving to provide significant public amenities that surpass market expectations and standards.

We will maintain and improve our facilities to the best standard possible within our means in order to attract new clients. We will continue repair and improvement plans at our facilities, and also look for ways to enhance some of our services. Capital upgrades to our properties will make us more competitive with other facilities and should result in overall increased occupancy and profitability.

The renewal of BC Place is complete.

### Key Strategies

- Implement repair and maintenance plans to improve the facilities under our management; and
- Effectively manage capital improvement projects

# REPORT ON PERFORMANCE

<b>Goal 3 – Measure 1</b>							
<b>Achieve major capital work milestones</b>							
BC Place Revitalization Program							
	Past Performance		2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
	2009/10	2010/11	Target	Actual	2012/13	2013/14	2014/15
Major Maintenance	12% Complete	60% Complete	<b>100% Complete</b>	<b>100% Complete</b>	-	-	-
Furniture, Fixtures and Equipment	-	10% Complete	<b>100% Complete</b>	<b>100% Complete</b>	-	-	-
Retractable Roof and Upgrades	10% Complete	55% Complete	<b>100% Complete</b>	<b>100% Complete</b>	-	-	-

BC Place reopened on September 30, 2011 as scheduled, and within its \$563.0 million budget. The completion of the revitalization project including a new retractable roof will ensure that the Stadium remains competitive and will continue to generate economic benefits to the region and the Province in future.

<b>GOAL 4 – INCREASE INNOVATION, LEARNING AND GROWTH</b>
<p>We strive to keep our employees’ skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will maintain PavCo as a leading organization for innovation and creativity in its industry sector. We will monitor training activity and measure the rate of staff retention.</p> <p><b>Key Strategies</b></p> <ul style="list-style-type: none"> <li>• Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals; and</li> <li>• Implement a performance-contingent compensation system that attracts high performance staff.</li> </ul> <p>Part-time event staff were not required during the 18 month closure of BC Place for renovations, and therefore reporting on retention of staff will not be possible until benchmark data is collected on the first full year of operations of the facility.</p>

## PROGRESS AGAINST GOVERNMENT'S LETTER OF EXPECTATIONS

The Shareholder's Letter of Expectations between the Shareholder and PavCo is an agreement on the respective roles and responsibilities of each, and serves as the basis of an agreement between the parties regarding corporate mandate – including high-level performance expectations, public issues and strategic priorities.

PavCo's Shareholder's Letter of Expectations signed December 16, 2010, was the basis for the development of the Service Plan for the fiscal period 2011/12 to 2013/14. PavCo was specifically directed to take the following actions:

Action	Progress
Report back on the Corporation's sales and marketing plan for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program that support the tripling non-resident delegate days by 2015.	<p>Business levels for Fiscal 2011/12 were the busiest in the history of the Vancouver Convention Centre. The sales and marketing focus continues to be on securing new out-of-province business for Fiscal 2013 and beyond.</p> <p>Progress updates against the performance targets are provided to the Minister.</p>
Take the lead on marketing the Vancouver Convention Centre to the international marketplace. In addition, PavCo will act as a resource in the development strategy and marketing initiatives for regional British Columbia conference centres.	<p>PavCo is working cooperatively with tourism and hospitality industry representatives to ensure marketing activity and representation is in key international markets.</p> <p>PavCo will work with British Columbia's regional conference centres to leverage on the Convention Centre's marketing activities and best practices in order to drive business throughout the Province.</p>
Complete the BC Place Roof Replacement project by fall 2011 within or below the approved capital budget, and report out quarterly to the Shareholder on progress of achieving construction milestones (cost, scope and schedule) and details of project benefits.	<p>Substantial completion of the project was achieved in fall 2011 within the \$563 million final approved budget.</p> <p>PavCo reported quarterly to the Shareholder on construction progress and achievement of milestones.</p>
Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.	<p>PavCo continues to pursue new business and revenue generating opportunities for BC Place and the Convention Centre, and will work with tourism partners to assist driving new revenue into British Columbia.</p> <p>PavCo continues negotiations for the development of lands on the west side of BC Place. During Fiscal 2011/12 certain rights were sold to a neighbouring landowner.</p>

# FINANCIAL REPORT

## *Management Discussion and Analysis*

PavCo's continuing operations are the Convention Centre and BC Place. The corporate services division provides strategic oversight and direction to both facilities.

The primary source of revenue for PavCo's facilities is from the event business – the Convention Centre provides a spectacular venue for conventions, meetings and banquets, and BC Place is a multi-purpose facility that holds trade and consumer shows, sporting events, entertainment spectacles and community gatherings.

## *Fiscal 2011/12 Financial Results*

Fiscal 2011/12 completed with record revenues from operations. Revenues were positive to budget as in addition to selling extra supplies and services to clients at events, there was a one-time receipt from the sale of development rights at BC Place. Overall contributions from Government increased to match the deficit on operations. As a result of higher sales of services to clients, the underlying cost of the services was higher than originally forecast. During the year, most operating costs were lower than budget, with slower than expected uptake of new staff following reopening of BC Place and some facility cost reductions. Due to changes in standards for Financial Statement reporting, \$2 million in costs for obtaining Grey Cup rights that were budgeted in Fiscal 2011/12 were restated as an expense in a prior year. BC Place development costs were higher than budget due to obligations payable as a result of the sale of BC Place rights.

Revenues increased significantly from Fiscal 2010/11, mostly due to the one-time sale of the rights at BC Place and also from additional operating income following reopening of BC Place. These increases were partially offset by the non-reoccurrence of a one-time revenue recovery recorded in the previous year. Even though the transition from the economic downturn has been slow, client's requirements for foodservices and other services at events have continued to grow. Following the demand for additional services from clients during the year, sales increased along with their underlying costs. Facility, staffing and operations costs increased in most areas as a direct result of the BC Place reopening. BC Place redevelopment costs were higher than for the previous year as a result of the continued use of Empire Field during the year and also the costs associated with the sale of rights. The use of Empire Field continued until late September 2011, after which its facilities were dismantled and the lands returned to the Pacific National Exhibition.

## *Future Outlook*

Future bookings for Vancouver Convention Centre are tracking in line with past projections. The 2010 Shareholder's Letter of Expectations required Vancouver Convention Centre to triple non-resident delegate days by 2015, and with the current booking activity, this target will be surpassed. Competition with other venues for convention business continues to be intense. Upgrades to technology infrastructure at Vancouver Convention Centre have continued since its opening, enabling it to attract clients with increasingly sophisticated communication needs. However, services that could be previously offered at cost are now increasingly being expected to be free of charge by clients, along with rental and other concessions – a trend across the global meetings industry. These concessions reduce the Convention Centre's margins, but the overall business activity provides a significant boost to the regional economy.

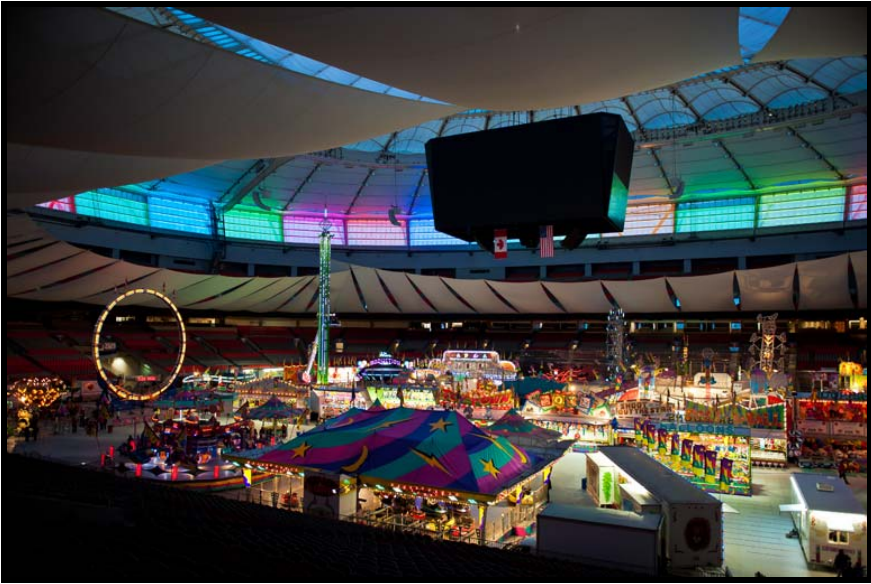
Following the success of the 2012 CONCACAF Olympic Women's Qualifying soccer tournament at BC Place, the facility anticipates being named as a host venue for the 2015 Women's World Cup soccer

# FINANCIAL REPORT

tournament. Along with 5 other Canadian Cities, Vancouver will share some of the 52 games in the tournament which takes place in Summer 2015.

With the improvement in PavCo’s infrastructure it is well positioned to compete with other international destinations for major city-wide sporting events and competitions, and along with other venues in the region is currently bidding on the rights to hold some Masters sporting events. These “Green” events attract athletes and their families to the host cities, and bring significant benefits through hotel occupancy, tourism activity, and sports venue use at traditionally quiet business periods. Depending on size and audience, many of these events, associated meetings, trade shows and banquets can be held at either BC Place or Vancouver Convention Centre.

Planning work continues on design and approvals for the redevelopment of PavCo’s lands immediately to the west of BC Place. It is anticipated that construction could commence by summer 2013. Future revenues from the development will be used towards the repayment of PavCo’s debt.



# FINANCIAL REPORT

## Comparison of Financial Results to Target and Prior Year Performance Comparative Statement of Revenues and Expenditures (in \$000)

	<u>2010/11 Actual</u>	<u>2011/12 Actual</u>	<u>2011/12 Target</u>	<u>Positive (Negative) to 2010/11</u>	<u>Explanation of Significant Variances from 2010/11</u>	<u>Positive (Negative) to Target</u>	<u>Explanation of Variances from 2011/12 Target</u>
Revenue	53,764	<b>83,458</b>	41,975	29,694	Higher convention revenues at the Convention Centre. Operating revenues for 6 months from BC Place. Proceeds from sale of rights at BC Place.	41,483	Increased sale of food and beverage and services at Convention Centre events. Unbudgeted sale of rights at BC Place.
<b>Total revenues</b>	<b>53,764</b>	<b>83,458</b>	<b>41,975</b>	<b>29,694</b>		<b>41,483</b>	
<b>Expenses</b>							
Cost of sales	21,834	<b>27,314</b>	19,732	(5,480)	Higher costs related to increased business activity at Convention Centre. Event activity resumption at BC Place following 18 month closure.	(7,582)	Higher costs related to increased sales at Convention Centre.
Staffing	13,311	<b>15,526</b>	16,801	(2,215)	Higher staffing and training requirements at BC Place due to business resumption.	1,275	Some new staff not hired as expected.
Operating	11,304	<b>14,707</b>	14,864	(3,403)	Increased facility operation costs following business resumption at BC Place.	157	
General and administration	4,336	<b>4,941</b>	4,429	(605)	Increased non-recoverable equipment replacement costs and higher technology upgrade expenses.	(512)	Savings in insurance costs were offset by non-recoverable equipment replacement costs and technology upgrades.
Business development	2,925	<b>2,421</b>	4,289	504	Reduced sales and marketing activity at the Convention Centre.	1,868	Budgeted expenditure at BC Place was restated to prior year due to accounting transition.
Fees	2,191	<b>2,857</b>	2,525	(666)	Higher organizational development business planning and legal costs at the facilities.	(332)	Higher financial and technology consulting and legal expenses than anticipated
BC Place redevelopment	12,985	<b>25,001</b>	9,566	(12,016)	One time cost against sale of rights, and ongoing costs for Empire Field rental.	(15,435)	Obligations as the result of the sale of BC Place rights.
	<b>68,886</b>	<b>92,767</b>	<b>72,206</b>	<b>(23,881)</b>		<b>(20,561)</b>	
<i>Income (loss) before amortization</i>	<i>(15,122)</i>	<i><b>(9,309)</b></i>	<i>(30,231)</i>	<i>5,813</i>		<i>20,922</i>	
Capital asset amortization	(30,167)	<b>(39,680)</b>	(38,132)	(9,513)	Amortization calculated on higher asset base than for prior year.	(1,548)	Asset amortization at different rates than forecast. Overall lower asset cost than budgeted.
<i>Net Income (loss) before contributions</i>	<i>(45,289)</i>	<i><b>(48,989)</b></i>	<i>(68,363)</i>	<i><b>(3,700)</b></i>		<i><b>19,374</b></i>	
<i>Amortization of contributions</i>	<i>45,289</i>	<i><b>50,463</b></i>	<i>45,090</i>	<i><b>5,174</b></i>	Amortization increased due to a higher asset base.	<i><b>5,373</b></i>	Received contributions to cover entire deficit. Some amortization at different rates than forecast.
<i>Net income (loss) after contributions</i>	<i>-</i>	<i><b>1,474</b></i>	<i>(23,273)</i>	<i><b>1,474</b></i>		<i><b>24,747</b></i>	

# FINANCIAL REPORT

## Comparison of Financial Operating Results and Forecasts (in \$000's) (In the format presented in the 2012/13 to 2014/15 Service Plan) Fiscal 2008/09 to 2014/15 (Unaudited)

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Budget	2011/12 Actual	2012/13 Target	2013/14 Target	2014/15 Target
Revenue from operations	28,020	33,348	53,764	44,375	83,458	53,651	73,310	60,870
Expenses:								
Cost of sales	12,392	14,668	21,834	19,732	27,314	25,427	27,286	28,476
Staffing	9,964	13,558	13,311	16,801	15,526	15,981	16,141	16,313
Operating	10,808	14,776	11,304	14,864	14,707	16,328	16,621	16,879
General and administration	2,487	4,187	4,336	4,436	4,941	4,836	4,937	4,960
Business development	2,580	7,330	2,925	4,282	2,421	2,095	2,003	2,027
Fees	1,223	1,746	2,191	2,525	2,857	1,919	2,116	2,193
Redevelopment	1,493	2,283	12,985	9,566	25,001	2,000	500	500
Loan interest	-	-	-	-	0	-	7,314	7,321
	40,947	58,548	68,886	72,206	92,767	68,586	76,918	78,669
Net income (loss) before amortization and other costs	(12,927)	(25,200)	(15,122)	(27,831)	(9,309)	(14,935)	(3,608)	(17,799)
Amortization	7,165	26,551	30,167	38,132	39,680	48,125	48,525	48,225
Extraordinary expenses	-	13,250	-	-	-	-	-	-
Net income (loss) before amortization of contributions	(20,092)	(65,001)	(45,289)	(65,963)	(48,989)	(63,060)	(52,133)	(66,024)
Amortization of contributions:								
Operating	12,927	38,674	18,306	10,533	15,604	9,142	9,142	9,142
Capital	7,165	26,327	26,983	32,157	34,859	40,522	40,922	40,622
Net income (loss) after contributions	-	(-)	-	(23,273)	1,474	(13,396)	(2,069)	(16,260)
Accumulated surplus (deficit) <sup>(i)</sup>	99,073	99,073	99,073	75,800	100,547	87,151	85,082	68,822
Debt	143	29,731	150,000	150,000	150,000	150,000	148,322	146,561

Note:

Source of Financial 2011/12 Targets is the 2011/12 to 2013/14 Service Plan, published February 2011.

Source of Financial 2012/13 to 2014/15 Targets is the 2012/13 to 2014/15 Service Plan, published February 2012.

- (i) Target Accumulated surplus for Fiscal 2012/13 to Fiscal 2014/15 have been adjusted from the Service Plan to reflect the actual net income for Fiscal 2011/12.

The above financial information, including forecast information was prepared based in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of British Columbia. Numerical data for fiscal years 2008/09 to 2011/12 have been restated to be consistent with the targets set in the fiscal 2012/13 to 2014/15 Service Plan.

PavCo receives cash contributions from its Shareholder to cover operational deficits, and to provide capital for improvements to its facilities.

# FINANCIAL REPORT

## Capital Spending for Projects over \$50 million

During Fiscal 2011/12, PavCo concluded the last of its major capital project work with the completion of the BC Place revitalization project. The retrofit and retractable roof project completed on schedule and within its \$563.0 million approved budget.

PavCo received approval to proceed with the retractable roof in October 2009, with a total redefined project budget of \$563.0 million inclusive of interior renovations, major maintenance, structural upgrades and new fixtures and equipment. The first phase of the interior renovations and structural upgrades to accommodate a retractable roof were completed by the end of 2009 within their approved budgets. Some major maintenance projects were also completed in phase one including security system upgrades, exterior lighting upgrades and upgraded operational equipment.

Phase 2 of the retrofit commenced in the Spring of 2010 under a stipulated price contract, where the previous air supported roof was removed, and installation of the structural steel masts, beams and cables began. BC Place is now home to a spectacular cable supported roof which defines the Vancouver skyline, and is the largest roof of its kind in the world.

Phase 2 also saw the completion of additional structural upgrades, major maintenance and further interior renovations including new seating, a permanent field of play, and significant technological fixtures including a centre hung video board and video ribbon boards which surround the Stadium’s interior. BC Place re-opened on September 30, 2011, and further showcased the results of the retrofit while hosting the 2011 Grey Cup.

Financing of the retrofit comes from the development of lands surrounding the facility, existing cash reserves, expanded event business and sponsorship opportunities, as well as with a repayable loan and capital contributions from its Shareholder.

The BC Place revitalization project is summarized as follows (in \$ millions):

	Budget
Retractable roof and structural upgrades	\$ 458.0
Major maintenance	40.0
Interior renovations	55.0
Furniture, fixtures and equipment	10.0
<b>Total</b>	<b>\$ 563.0</b>

Further detail of the BC Place revitalization program may be referenced at <http://www.bcplacestadium.com/index.php/news-releases>.

### Summary Capital Expenditures (in \$millions)

Facility/Project	2011/12 Performance (target per 2011/12 to 2013/14 Service Plan)		Future Performance (per 2012/13 to 2014/15 Service Plan)		
	Target	Actual <sup>(i)</sup>	2012/13	2013/14	2014/15
BC Place revitalization	\$ 148.5	\$ 178.4	-	-	-

<sup>(i)</sup> Forecasts shown in the 2011/12 to 2013/14 Service Plan and the 2012/13 to 2014/15 Service Plan reflect managements’ best estimate of capital spending by fiscal year from the total Project budgets approved. Actual results may vary. Fiscal 2011/12 actuals are greater than target as a result of deferred costs from Fiscal 2010/11 (Fiscal 2010/11 costs were behind targeted milestones due to a schedule revision). The project completed on schedule and BC Place re-opened on September 30, 2011.



# B.C. Pavilion Corporation

## Statement of Management Responsibility

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

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

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

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and express 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.



David Podmore  
Chair



John Harding  
Chief Financial Officer

Vancouver, British Columbia  
June 28, 2012



## INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of B.C. Pavilion Corporation and  
To the Minister of Jobs, Tourism and Innovation, Province of British Columbia*

I have audited the accompanying financial statements of B.C. Pavilion Corporation, which comprise the statements of financial position as at March 31, 2012, March 31, 2011, and April 1, 2010, and the statements of operations, statements of changes in net assets and statements of cash flow for the years ended March 31, 2012, and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In my opinion, the financial statements of B.C. Pavilion Corporation for the years ended March 31, 2012, and March 31, 2011, and the statement of financial position as at April 1, 2010, are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### **Emphasis of Matter**

Without modifying my opinion, I draw attention to Note 3 to the financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 24 to the financial statements discloses the impact of these differences.

Victoria, British Columbia  
June 28, 2012

John Doyle, MAcc, CA  
Auditor General

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

	<i>Note</i>	<b>March 31 2012</b>	<b>March 31 2011</b> <i>Restated – Note 23</i>	<b>April 1 2010</b> <i>Restated – Note 23</i>
<b>Financial Assets</b>				
Cash and cash equivalents	6	41,743	86,192	77,652
Accounts receivable	7	29,996	4,672	5,576
Due from government	8	6,366	41,022	7,853
		<u>78,105</u>	<u>131,886</u>	<u>91,081</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	9	39,801	44,441	30,882
Employee leave liability	10	936	728	652
Deferred revenue	11	38,557	33,266	28,542
Deferred contributions – other	12	19,093	20,422	20,600
Deferred contributions – government	13,24	1,076,727	977,120	899,384
Long term debt	14	150,000	150,000	29,731
		<u>1,325,114</u>	<u>1,225,978</u>	<u>1,009,791</u>
<b>Net financial assets (debt)</b>		<u>(1,247,009)</u>	<u>(1,094,092)</u>	<u>(918,711)</u>
<b>Non-financial assets</b>				
Tangible capital assets	15	1,346,528	1,187,343	1,012,476
Inventories held for use		76	69	75
Prepaid expenses	16	952	5,753	5,233
		<u>1,347,556</u>	<u>1,193,165</u>	<u>1,017,784</u>
<b>Accumulated surplus</b>	23,24	<u><b>100,547</b></u>	<u><b>99,073</b></u>	<u><b>99,073</b></u>
Contingencies and contractual obligations	17			



David Podmore  
Chair – Board of Directors



Terry Lyons  
Chair – Audit Committee

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

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

	<i>Note</i>	March 31, 2012		March 31 2011
		Budget <i>(Note 21)</i>	Actual	Actual <i>Restated – Note 23</i>
<b>Revenues</b>	25			
Event revenues		40,009	47,551	38,946
Lease revenues		2,900	2,655	2,058
Miscellaneous revenues		1,446	32,363	11,697
Deferred contributions – other		800	3,540	1,387
Deferred contributions - government		65,163	46,923	43,902
Interest revenue		20	889	1,063
		110,338	133,921	99,053
<b>Expenses</b>	18,25			
BC Place Stadium		48,821	63,434	30,809
Vancouver Convention Centre		61,517	69,013	68,244
		110,338	132,447	99,053
<b>Annual operating surplus</b>		-	1,474	-
Accumulated surplus, beginning of year			99,073	99,073
Accumulated surplus, end of year			100,547	99,073

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

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

	March 31, 2012		March 31
	Budget	Actual	2011
	<i>(Note 21)</i>		<i>Restated – Note 23</i>
Annual operating surplus	-	1,474	-
Acquisition of tangible capital assets	(158,367)	(199,142)	(206,328)
Amortization of tangible capital assets	38,122	39,680	30,167
Loss on sale/disposal of tangible capital assets	-	276	1,294
Acquisition of artwork	-	(693)	(727)
Expense of artwork additions	-	693	727
	(120,245)	(159,186)	(174,867)
Acquisition of supplies inventories	-	(87)	(18)
Acquisition of prepaid expense	-	(15,372)	(19,619)
Consumption of supplies inventories	-	80	24
Use of prepaid expense	-	20,174	19,099
	-	4,795	(514)
Increase in net financial debt	(120,245)	(152,917)	(175,381)
Net financial debt – beginning of year		(1,094,092)	(918,711)
Net financial debt – end of year		(1,247,009)	(1,094,092)

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

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

	<b>March 31 2012</b>	<b>March 31 2011</b>
		<i>Restated – Note 23</i>
<b>Operating transactions</b>		
Surplus for the period	1,474	-
<i>Non-cash items included in surplus (deficit):</i>		
Amortization of tangible capital assets	39,680	30,167
Loss on disposal of tangible capital assets	276	1,294
Amortization of deferred contributions - other	(3,540)	(1,387)
Amortization of deferred contributions – government	(46,923)	(43,902)
Accounts receivable	(25,325)	904
Due from government	11,012	(9,526)
Accounts payable and accrued liabilities	(4,640)	13,559
Employee future benefits	208	76
Deferred revenue	5,291	4,724
Inventories held for use	(7)	6
Prepaid expenses	4,801	(520)
<i>Cash used in operations</i>	<u>(17,693)</u>	<u>(4,605)</u>
<b>Capital transactions</b>		
Tangible capital assets	(199,142)	(206,328)
<i>Cash used in capital transactions</i>	<u>(199,142)</u>	<u>(206,328)</u>
<b>Financing transactions</b>		
Deferred contributions - other	2,211	1,209
Deferred contributions – government	146,532	121,638
Due from government	23,643	(23,643)
Long term debt	-	120,269
<i>Cash provided for in financing transactions</i>	<u>172,386</u>	<u>219,473</u>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(44,449)</b>	<b>8,540</b>
Cash and cash equivalents – beginning of year	86,192	77,652
Cash and cash equivalents – end of year	<u><b>41,743</b></u>	<u><b>86,192</b></u>

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

# **B.C. Pavilion Corporation**

## **Notes to the Financial Statements**

**For the years ended March 31, 2012 and March 31, 2011**

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

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### **1. Authority and Nature of Operations**

B.C. Pavilion Corporation (PavCo) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. PavCo is wholly owned by the Province of British Columbia, and reports to the Legislative Assembly through the Ministry of Jobs, Tourism and Innovation. 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 benefits for the people of British Columbia through the management of public tourism and cultural facilities. The corporation owns and operates BC Place Stadium and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

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

### **2. Conversion to Public Sector Accounting Standards**

Commencing with the 2012 fiscal year, PavCo has adopted Canadian public sector accounting standards ("PSA") as issued by the Public Sector Accounting Board. These financial statements are the first annual financial statements for which the corporation has applied Canadian public sector accounting standards. Accounting changes as a result of adopting the new standards have been applied retroactively to the transition date (April 1, 2010) with restatement of prior periods.

Detailed information on the impact of the conversion to Canadian public sector accounting standards is presented in Note 23.

### **3. Significant Accounting Policies**

These financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia which requires financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as presented in Note 24. Significant accounting policies used in the preparation of these financial statements are:

#### ***Financial assets***

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

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

# **B.C. Pavilion Corporation**

## **Notes to the Financial Statements**

**For the years ended March 31, 2012 and March 31, 2011**

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

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

#### ***Tangible capital assets***

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

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

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

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

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

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

PavCo does not report the cost of its artwork and theming program in the Statement of Financial Position as artwork is not recognized under public sector accounting standards. All costs associated with developing, constructing, acquiring, installing and securing these assets are expensed when incurred.

#### ***Inventories***

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

#### ***Prepaid expenses***

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



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

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

**For the years ended March 31, 2012 and March 31, 2011**

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

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

##### ***Revenue recognition***

Revenues from events held at PavCo's facilities are recognized upon completion of the events. Amounts received in advance of event completion are recorded as deferred revenue.

Non-event related revenues are recognized on an accrual basis and in the period in which the transactions or events that gave rise to the revenues occurred.

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

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

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

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

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

##### ***Deferred Contributions***

The value of contributed depreciable tangible capital assets or funding received from government for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred contributions and is amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. If the net book value of a depreciable tangible capital asset funded by a deferred contribution is reduced for any reason other than amortization, the proportionate share of the deferred contribution is recognized to revenue during the same period. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 24 for the impact of this policy on these financial statements.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the years ended March 31, 2012 and March 31, 2011**  
**(tabular amounts in \$000s)**

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

*Expenses*

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

Direct costs from events held at the facilities are recognized upon completion of the events. Amounts incurred in advance of event completion are recorded as prepaid expense.

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

*Foreign currency transactions*

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

*Employee benefits plan*

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

An actuarial valuation of the plan every three years assesses its financial position. The most recent actuarial valuation, as at March 31, 2011, disclosed an actuarial deficit of \$275 million for basic pension benefits. In order to fund the liability, both employer and employee rates increased effective April 1, 2012.

Contributions to the Plan by PavCo for fiscal 2012 were \$1.1 million (2011 - \$916 thousand).

**4. Measurement uncertainty**

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

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these statements. Actual results could differ from these estimates.

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

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

#### 5. Government Partnership

PavCo has partnered with the Greater Vancouver Convention and Visitors Bureau and the Vancouver Hotel Destination Association to create the Convention Development Fund (CDF) to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties. PavCo's contribution to the CDF constitutes an investment in a government partnership.

Included in the corporation's financial statements is PavCo's proportionate interest in the partnership, based on its contributions to the CDF (2012 –16.9%; 2011 – 29.4%):

<b>Statement of Financial Position</b>	<b>March 31 2012</b>	<b>March 31 2011</b>	<b>April 1 2010</b>
Cash	800	800	-
Accounts Payable	-	20	-
Deferred contributions - government	800	780	-

<b>Statement of Operations</b>	<b>March 31 2012</b>	<b>March 31 2011</b>	<b>April 1 2010</b>
Revenue	8	21	-
Expense	(12)	21	-

<b>Statement of Cash Flows</b>	<b>March 31 2012</b>	<b>March 31 2011</b>	<b>April 1 2010</b>
Increase in deferred contributions - government	20	20	-
Decrease in accounts payable	20	820	-
Increase in cash and cash equivalents	-	800	-

PavCo also has a proportionate interest in the future commitments of the CDF. The corporation's current share of these commitments, to be funded by the CDF, as of March 31, 2012 is:

Fiscal 2013	\$ 12 thousand
Fiscal 2014	\$ 73 thousand
Fiscal 2015	\$ 114 thousand
Fiscal 2016	\$ 83 thousand
Fiscal 2017 and beyond	\$ 291 thousand

#### 6. Cash and Cash Equivalents

	<b>March 31 2012</b>	<b>March 31 2011</b>	<b>April 1 2010</b>
Cash	40,943	85,392	77,652
Investment in Convention Development Fund	800	800	-
	41,743	86,192	77,652

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

#### 7. Accounts Receivable

	March 31 2012	March 31 2011	April 1 2010
Trade	30,128	4,815	5,912
Less: provision for doubtful accounts	(132)	(143)	(336)
	29,996	4,672	5,576

#### 8. Due from Government

	March 31 2012	March 31 2011	April 1 2010
Federal government	2,094	3,544	1,353
Province of British Columbia	4,272	37,478	6,500
	6,366	41,022	7,853

Amounts due from the federal government represent reimbursement for harmonized sales tax. Amounts due from the Province of British Columbia are contributions for sustaining operations and construction of tangible capital assets.

#### 9. Accounts Payable and Accrued Liabilities

	March 31 2012	March 31 2011	April 1 2010
Trade accounts payable and accrued liabilities	37,218	22,920	26,692
Builder's lien holdbacks	2,583	21,521	4,190
	39,801	44,441	30,882

#### 10. Employee Leave Liability

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

#### 11. Deferred Revenue

	March 31 2012	March 31 2011	April 1 2010
Unearned lease revenues	32,011	26,460	22,669
Unearned event revenue and deposits	6,546	6,806	5,873
	38,557	33,266	28,542

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

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

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

#### 12. Deferred Contributions – Other

	<b>Balance April 1 2011</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2012</b>
	<i>Restated – Note 23</i>			
Value in kind contributions	7,992	1,948	(2,499)	7,441
Other contributions	12,430	263	(1,041)	11,652
	20,422	2,211	(3,540)	19,093

	<b>Balance April 1 2010</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2011</b>
	<i>Restated – Note 23</i>			
Value in kind contributions	8,443	443	(894)	7,992
Other contributions	12,157	766	(493)	12,430
	20,600	1,209	(1,387)	20,422

Value-in-kind agreements reflect agreements for tangible capital assets and contributed assets at PavCo's facilities. These are amortized over the term specified in the agreements which range 10 to 15 years.

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

#### 13. Deferred Contributions – Government

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

	<b>Balance April 1 2011</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2012</b>
	<i>Restated – Note 23</i>			
Government of Canada	215,516	-	(4,556)	210,960
Province of British Columbia	761,604	146,532	(42,369)	865,767
	977,120	146,532	(46,925)	1,076,727

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

#### 13. Deferred Contributions – Government (cont.)

	Balance April 1 2010	Receipts during year	Transferred to revenue	Balance March 31 2011
	<i>Restated – Note 23</i>			
Government of Canada	220,072	-	(4,556)	215,516
Province of British Columbia	679,312	121,638	(39,346)	761,604
	899,384	121,638	(43,902)	977,120

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

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

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

#### 14. Long-term Debt

	March 31 2012	March 31 2011	April 1 2010
Province of British Columbia	150,000	150,000	29,731

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

Under the terms of the loan agreement, the repayable loan is non-interest bearing during the construction and start up period. Commencing April 2, 2013, PavCo will repay the loan by providing semi-annual blended payments of principal and interest (fixed interest rate at 4.89%) until fiscal 2049.

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

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

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the years ended March 31, 2012 and March 31, 2011**  
**(tabular amounts in \$000s)**

**15. Tangible Capital Assets**

	<b>BC Place</b>	<b>Vancouver Convention Centre<sup>(1)</sup></b>	<b>March 31 2012</b>	<b>March 31 2011</b>	<b>April 1 2010</b>
Land	31,292	41,442	72,734	71,260	71,260
Buildings and improvements	497,494	674,587	1,172,081	1,061,655	888,244
Leasehold improvements	-	30,010	30,010	31,644	27,934
Equipment	40,846	5,645	46,491	16,673	15,173
Furniture and fixtures	21,632	3,420	25,052	5,708	9,415
Vehicles	-	-	-	4	5
Computer hardware/software	113	47	160	399	445
<b>Total</b>	<b>591,377</b>	<b>755,151</b>	<b>1,346,528</b>	<b>1,187,343</b>	<b>1,012,476</b>

(1) Includes corporate office assets

PavCo holds a variety of art pieces at its facilities however 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, 2012 is \$6.2 million (\$6.1 million at March 31, 2011 and \$5.4 million at March 31, 2010).

As part of the BC Place revitalization project, PavCo developed and re-constructed Terry Fox plaza to showcase the new Terry Fox memorial sculptures. The historical cost for the Terry Fox memorial sculptures is \$0.6 million (\$ nil at March 31, 2011).

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

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2012
<b>Cost:</b>								
Opening balance	71,260	1,132,547	36,988	30,483	10,399	49	2,160	1,283,886
Additions	1,474	138,543	241	36,377	22,395	-	112	199,142
Disposals and adjustments	-	(367)	-	(326)	(627)	(24)	(106)	(1,450)
Closing balance	72,734	1,270,723	37,229	66,534	32,167	25	2,166	1,481,578
<b>Accumulated amortization:</b>								
Opening balance	-	(70,892)	(5,344)	(13,810)	(4,691)	(45)	(1,761)	(96,543)
Amortization expense	-	(27,909)	(1,875)	(6,966)	(2,578)	(3)	(349)	(39,680)
Effect of disposals and adjustments	-	159	-	733	154	23	104	1,173
Closing balance	-	(98,642)	(7,219)	(20,043)	(7,115)	(25)	(2,006)	(135,050)
<b>Net book value</b>	<b>72,734</b>	<b>1,172,081</b>	<b>30,010</b>	<b>46,491</b>	<b>25,052</b>	<b>-</b>	<b>160</b>	<b>1,346,528</b>
	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2011
<b>Cost:</b>								
Opening balance	71,260	952,963	31,587	28,617	12,294	49	2,015	1,098,785
Additions	-	195,248	5,401	5,127	316	-	236	206,328
Disposals and adjustments	-	(15,664)	-	(3,261)	(2,211)	-	(91)	(21,227)
Closing balance	71,260	1,132,547	36,988	30,483	10,399	49	2,160	1,283,886
<b>Accumulated amortization:</b>								
Opening balance	-	(64,719)	(3,653)	(13,445)	(2,879)	(43)	(1,570)	(86,309)
Amortization expense	-	(22,586)	(1,691)	(3,782)	(1,824)	(2)	(282)	(30,167)
Effect of disposals and adjustments	-	16,413	-	3,417	12	-	91	19,933
Closing balance	-	(70,892)	(5,344)	(13,810)	(4,691)	(45)	(1,761)	(96,543)
<b>Net book value</b>	<b>71,260</b>	<b>1,061,655</b>	<b>31,644</b>	<b>16,673</b>	<b>5,708</b>	<b>4</b>	<b>399</b>	<b>1,187,343</b>



**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the years ended March 31, 2012 and March 31, 2011**  
**(tabular amounts in \$000s)**

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

*(i) Contributed Assets*

The corporation received contributed assets during the year which were recognized at fair value and are included in the following asset classes:

	<b>March 31 2012</b>	<b>March 31 2011</b>	<b>April 1 2010</b>
Land	1,474	-	-
Equipment	500	443	-
	<b>1,974</b>	<b>443</b>	<b>-</b>

The City of Vancouver enacted zoning for certain lands to the west of BC Place resulting in a minor property transfer (Terry Fox Way) to the corporation, and BC Place received contributed kitchen and concessionary equipment as part of an operating agreement with a supplier.

*(ii) Work in Progress*

During fiscal 2012, PavCo completed its refurbishment project at BC Place Stadium within its \$563.0 million budget. The project included a new retractable roof, significant structural upgrades and interior refurbishments. The stadium re-opened on September 30, 2011. Development and construction costs associated with the refurbishment program were treated as work in progress, and recorded at cost with no amortization until the asset was substantially complete and ready for use.

Development and construction costs associated with the completion of the seawall along the west side of the Vancouver Convention Centre are treated as work in progress and are recorded at cost with no amortization until the asset is substantially complete or ready for use. At March 31, 2011, work in progress consisted of minor interior renovations and implementation of an energy management system.

Work in progress included in asset cost is as follows:

	Buildings and improvements	Equipment	Furniture and fixtures	<b>2012</b>
BC Place Stadium	50	-	-	<b>50</b>
Vancouver Convention Centre	65	-	-	<b>65</b>
	<b>115</b>	<b>-</b>	<b>-</b>	<b>115</b>

	Buildings and improvements	Equipment	Furniture and fixtures	<b>2011</b>
BC Place Stadium	232,465	3,246	68	<b>235,779</b>
Vancouver Convention Centre	47	41	-	<b>88</b>
	<b>232,512</b>	<b>3,287</b>	<b>68</b>	<b>235,867</b>

# B.C. Pavilion Corporation

## Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

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### 16. Prepaid Expenses

Prepaid expenses reflect prepayments for event and operational requirements as well as deferred costs associated with the implementation and rental of the temporary stadium during the BC Place closure period. The temporary stadium rental period expired in November 2011.

	March 31 2012	March 31 2011	April 1 2010
Event and operations prepayments	952	974	1,564
Temporary stadium facility	-	4,779	3,669
	952	5,753	5,233

### 17. Contingencies and Contractual Obligations

#### *Contingent assets*

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

#### *Contingent liabilities*

- a) The corporation has issued a letter of credit to the Department of Fisheries and Oceans Canada with respect to a five year habitat compensation and monitoring program arising from the Vancouver Convention Centre west expansion development. The letter of credit is valued at \$100 thousand, and includes an annual auto-renewal clause, unless cancelled prior to the expiry date of November 24, 2012. PavCo is liable for remediation of the habitat program, if monitoring shows negative results. At March 31, 2012, the corporation has successfully completed its third year of the monitoring program with no required remediation to date.
- b) PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the corporation.
- c) 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.C. Pavilion Corporation

## Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

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

#### *Contractual obligations*

a) Operating leases

The corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2020. These represent total commitments as follows:

Fiscal 2013	\$705 thousand
Fiscal 2014	\$495 thousand
Fiscal 2015	\$318 thousand
Fiscal 2016	\$308 thousand
Fiscal 2017 and beyond	\$306 thousand

b) Construction

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

At March 31, 2012, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining construction obligations as follows:

Fiscal 2013	\$2.6 million
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c) Lands leased to third parties

Under the terms of an agreement for the parcel of land to the west of BC Place leased to a third party commencing in 2013, PavCo is not permitted to abandon BC Place Stadium, or to allow it to fall into material disrepair during the first 40 years of the lease term.

d) Redevelopment

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

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

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
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**(tabular amounts in \$000s)**

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**18. Expenses by Object**

The following summarizes expenses by object:

	<b>2012 Budget</b>	<b>2012</b>	<b>2011</b>
Event direct costs	19,732	27,314	21,834
Salaries, wages and benefits	16,801	15,526	13,311
Operating expenses	14,864	14,707	11,304
General and administration	4,429	4,941	4,336
Business development	4,289	2,421	2,925
Professional consulting fees	2,525	2,857	2,191
Redevelopment	9,566	25,001	12,985
Amortization	38,132	39,680	30,167
	<b>110,338</b>	<b>132,447</b>	<b>99,053</b>

**19. Related Party Transactions**

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

**20. Valuation Allowance**

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

	<b>BC Place</b>	<b>Vancouver Convention Centre</b>	<b>2012</b>	<b>2011</b>
Accounts receivable	-	99	99	39

**21. Budgeted Figures**

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2011/12 Annual Service Plan report which was approved by PavCo's Board of Directors.

**22. Comparative Numbers**

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

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

#### 23. Conversion to Public Sector Accounting Standards

Commencing with the 2012 fiscal year, PavCo has adopted Canadian public sector accounting standards (“PSA”) as issued by the Public Sector Accounting Board. These financial statements are the first annual financial statements for which the corporation has applied Canadian public sector accounting standards. Accounting changes as a result of adopting the new standards have been applied retroactively to the transition date (April 1, 2010) with restatement of prior periods.

The following changes and restatements have been implemented to comply with the new PSA standards, except for deferred government contributions (see Note 3 and Note 24):

##### a) Statement of Financial Position

	<i>Previously stated</i>			<i>Restated</i>
	<b>April 1</b>	<b>PSA</b>		<b>April 1</b>
<b>Retroactive changes and restatements</b>	<b>2010</b>	<b>Adjustment<sup>(i)</sup></b>	<b>Reclassified<sup>(ii)</sup></b>	<b>2010</b>
Accounts receivable	6,928	-	(1,353)	5,576
Due from government	6,500	-	1,353	7,853
Intangible assets	2,090	(2,090)	-	-
Tangible capital assets	1,017,631	(5,156)	-	1,012,476
Prepaid expenses	5,308	-	(75)	5,233
Inventory	-	-	75	75
Deferred contributions – other	241,740	(1,068)	(220,072)	20,600
Deferred contributions - government	756,749	(6,178)	148,812	899,384
Accumulated operating surplus	27,813	-	71,260	99,073

	<i>Previously stated</i>			<i>Restated</i>
	<b>March 31</b>	<b>PSA</b>		<b>March 31</b>
<b>Retroactive changes and restatements</b>	<b>2011</b>	<b>Adjustment<sup>(i)</sup></b>	<b>Reclassified<sup>(ii)</sup></b>	<b>2011</b>
Accounts receivable	8,216	-	(3,544)	4,672
Due from government	37,478	-	3,544	41,022
Intangible assets	2,011	(2,011)	-	-
Tangible capital assets	1,193,303	(5,960)	-	1,187,343
Prepaid expenses	5,822	-	(69)	5,753
Inventory	-	-	69	69
Deferred contributions – other	237,005	(1,068)	(215,515)	20,422
Deferred contributions - government	839,767	(6,903)	144,256	977,120
Accumulated operating surplus	27,813	-	71,260	99,073

(i) As intangible assets are not recognized under PSA, the right to host the 2011 Grey Cup was written off and computer software was reclassified to tangible capital assets. As artwork is not recognized under PSA, tangible capital assets were written down. The adjustments to deferred contributions by other and government reflect the write down of contributions for the Grey Cup and artwork.

(ii) In order to conform to the new financial statement presentation, receivables were adjusted to reflect harmonized sales tax refunds due from the federal government, inventory was reclassified from prepaid expenses, federal funding contributions were reclassified from deferred contributions – other to deferred contributions – government, and deferred contributions from government related to land (contributed surplus) was reclassified to accumulated operating surplus.

# B.C. Pavilion Corporation

## Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

### 23. Conversion to Public Sector Accounting Standards (cont.)

#### b) Statement of Operations

	<i>Previously stated</i> March 31 2011	PSA Adjustment <sup>(i)</sup>	Reclassified <sup>(ii)</sup>	<i>Restated</i> March 31 2011
Revenues:				
Operating revenue	56,257	(2,499)	(53,758)	-
Event revenue	-	-	38,946	38,946
Lease revenue	-	-	2,058	2,058
Miscellaneous revenue	-	-	11,697	11,697
Deferred contributions – other	5,944	-	(4,557)	1,387
Deferred contributions – government	38,621	727	4,554	43,902
Interest revenue	-	-	1,063	1,063
	<u>100,822</u>	<u>(1,772)</u>	<u>3</u>	<u>99,053</u>
Expenses:				
Direct costs	24,326	(2,499)	(21,827)	-
Facility expenses	33,343	727	(34,070)	-
Amortization	30,168	-	(30,168)	-
Redevelopment	12,985	-	(12,985)	-
BC Place Stadium	-	-	30,809	30,809
Vancouver Convention Centre	-	-	68,244	68,244
	<u>100,822</u>	<u>(1,772)</u>	<u>3</u>	<u>99,053</u>

(i) Event revenues and event direct costs have been adjusted to net out internal gross up factors based on contractual arrangements. Facility expenses and deferred government contributions were adjusted to comply with the non recognition of artwork.

(ii) In order to conform to the new financial statement presentation, revenues and expenses were reclassified as shown.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the years ended March 31, 2012 and March 31, 2011**  
**(tabular amounts in \$000s)**

**23. Conversion to Public Sector Accounting Standards (cont.)**

c) Statement of Cash Flows

	<i>Previously stated</i> <b>March 31</b> <b>2011</b>	<b>PSA</b> <b>Adjustment<sup>(i)</sup></b>	<b>Reclassified<sup>(ii)</sup></b>	<i>Restated</i> <b>March 31</b> <b>2011</b>
Operating deficit	(44,565)	-	44,565	-
Amortization	30,168	-	(1)	30,167
Disposal of assets	1,294	-	-	1,294
Amortization of deferred contributions - other	-	-	(1,387)	(1,387)
Amortization of deferred contributions - government	-	(727)	(43,175)	(43,902)
Accounts receivable	(8,334)	-	9,238	904
Due from government	-	-	(9,526)	(9,526)
Accounts payable and accrued liabilities	79	-	13,480	13,559
Employee future benefits	-	-	76	76
Deferred revenue	4,724	-	-	4,724
Inventories held for use	-	-	6	6
Prepaid expenses	(514)	-	(6)	(520)
<i>Cash provided for (used) in operations</i>	<u>(17,148)</u>	<u>(727)</u>	<u>13,270</u>	<u>(4,605)</u>
Capital				
Tangible capital assets	(207,008)	680	-	(206,328)
Intangible assets	(47)	47	-	-
Accounts receivable	(289)	-	289	-
Accounts payable and accrued liabilities	13,558	-	(13,558)	-
<i>Cash provided for (used) in capital</i>	<u>(193,786)</u>	<u>727</u>	<u>(13,269)</u>	<u>(206,328)</u>
Financing				
Deferred contributions – other	1,209	-	-	1,209
Deferred contributions – government	121,639	-	(1)	121,638
Due from government	(23,643)	-	-	(23,643)
Long term debt	120,269	-	-	120,269
<i>Cash provided for (used) in financing</i>	<u>219,474</u>	<u>-</u>	<u>(1)</u>	<u>219,473</u>
Net increase (decrease) in cash and cash equivalents	<b>8,540</b>	<b>-</b>	<b>-</b>	<b>8,540</b>

(i) Write off of artwork

(ii) Figures have been restated to conform to the current financial statement presentation

# B.C. Pavilion Corporation

## Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

### 23. Conversion to Public Sector Accounting Standards (cont.)

d) Accumulated operating surplus (deficit)

Accumulated surplus consists of the following:

	March 31 2012	March 31 2011	April 1 2010
Accumulated operating surplus	27,813	27,813	27,813
Non-depreciable assets (land)	72,734	71,260	71,260
Share capital	-	-	-
	100,547	99,073	99,073

Non-depreciable assets represent the historical cost of lands purchased by PavCo and the fair market value of contributed land.

	BC Place	Vancouver Convention Centre	March 31 2012	March 31 2011	April 1 2010
Land	31,292	41,442	72,734	71,260	71,260

	2011
Accumulated operating surplus beginning of year as originally reported	27,813
Adjustments to accumulated operating surplus due to adoption of public sector accounting standards:	
Reduction in event revenues	8,751
Reduction in event costs	(8,751)
Expense of art program	5,366
Recognition of contributions to art program	(5,366)
<b>Accumulated surplus beginning of year restated</b>	<b>27,813</b>
Annual surplus for the year as originally reported	-
Adjustments to annual surplus (deficit) for the year due to adoption of public sector accounting standards:	
Reduction in event revenues	2,499
Reduction in event costs	(2,499)
Expense of art program	727
Recognition of contributions to art program	(727)
Annual surplus for the year as restated	-
<b>Accumulated surplus – end of year</b>	<b>27,813</b>



## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

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

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

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At April 1, 2010	
Increase in accumulated operating surplus	(860,381)
Decrease in deferred contributions - government	860,381
For the year ended March 31, 2011	
Increase in operating surplus	(8,855)
At March 31, 2011	
Increase in accumulated operating surplus	(844,393)
Decrease in deferred contributions - government	844,393
For the year ended March 31, 2012	
Increase in operating surplus	(252,943)
At March 31, 2012	
Increase in accumulated operating surplus	(1,064,601)
Decrease in deferred contributions - government	1,064,601

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# B.C. Pavilion Corporation

## Notes to the Financial Statements

For the years ended March 31, 2012 and March 31, 2011

(tabular amounts in \$000s)

### 25. Segmented Information

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

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

	<u>BC Place<sup>(1)</sup></u>		<u>Vancouver Convention Centre<sup>(1)(2)</sup></u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Event revenues	5,483	612	42,068	38,334	47,551	38,946
Lease revenues	9	-	2,646	2,058	2,655	2,058
Miscellaneous revenues <sup>(3)</sup>	32,128	8,969	235	2,728	32,363	11,697
Deferred contributions – other	2,140	469	1,400	918	3,540	1,387
Deferred contributions - government	24,822	20,378	22,101	23,524	46,923	43,902
Interest revenue	326	381	563	682	889	1,063
	<b>64,908</b>	<b>30,809</b>	<b>69,013</b>	<b>68,244</b>	<b>133,921</b>	<b>99,053</b>
<b>Expenses</b>						
Event direct costs	3,109	204	24,205	21,630	27,314	21,834
Salaries, wages and benefits	7,237	5,038	8,289	8,273	15,526	13,311
Operating expenses	4,743	416	9,964	10,888	14,707	11,304
General and administration	1,930	1,362	3,011	2,974	4,941	4,336
Business development	1,557	766	864	2,159	2,421	2,925
Professional consulting fees	1,703	1,074	1,154	1,117	2,857	2,191
Redevelopment <sup>(4)</sup>	25,001	12,985	-	-	25,001	12,985
Amortization	18,154	8,964	21,526	21,203	39,680	30,167
	<b>63,434</b>	<b>30,809</b>	<b>69,013</b>	<b>68,244</b>	<b>132,447</b>	<b>99,053</b>
<b>Surplus (deficit) for the period</b>	<b>1,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,474</b>	<b>-</b>

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

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

(3) Miscellaneous revenues include monies received outside of the course of normal operations. In fiscal 2012, BC Place recognized \$30.3 million from an agreement with a third party with respect to certain development rights to the west of BC Place (in fiscal 2011, BC Place received \$8.6 million and the Vancouver Convention Centre received \$2.7 million from VANOC for hosting Olympic activities at its facilities)

(4) Redevelopment costs are outside of normal operating expenses and include the write down of the temporary facility at Empire Field, and expenses associated with the redevelopment of lands to the west of BC Place

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the years ended March 31, 2012 and March 31, 2011**  
**(tabular amounts in \$000s)**

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

BC Place	Land	Buildings and improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software		
							2012	2011
<b>Cost:</b>								
Opening balance	29,818	410,830	18,053	1,222	24	492	460,439	284,631
Additions	1,474	137,933	35,654	22,380	-	76	197,517	196,696
Disposals and adjustments	-	(366)	(326)	(627)	(24)	(28)	(1,371)	(20,888)
Closing balance	31,292	548,397	53,381	22,975	-	540	656,585	460,439
<b>Accumulated amortization:</b>								
Opening balance	-	(39,105)	(8,034)	(594)	(23)	(396)	(48,152)	(59,054)
Amortization expense	-	(11,956)	(5,235)	(903)	-	(59)	(18,153)	(8,963)
Effect of disposals and adjustments	-	159	734	153	23	28	1,097	19,865
Closing balance	-	(50,902)	(12,535)	(1,344)	-	(427)	(65,208)	(48,152)
<b>Net book value – March 31, 2012</b>	<b>31,292</b>	<b>497,495</b>	<b>40,846</b>	<b>21,631</b>	<b>-</b>	<b>113</b>	<b>591,377</b>	
<b>Net book value – March 31, 2011</b>	<b>29,818</b>	<b>371,725</b>	<b>10,019</b>	<b>628</b>	<b>1</b>	<b>96</b>		<b>412,287</b>

During fiscal 2012, PavCo completed its refurbishment project at BC Place Stadium within its \$563.0 million budget. The project included a new retractable roof, significant structural upgrades and interior refurbishments. The stadium re-opened on September 30, 2011.

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

	Buildings and improvements	Equipment	Furniture and fixtures	Total work in progress
BC Place – work in progress				
Total costs – March 31, 2012	50	-	-	50
Total costs – March 31, 2011	232,465	3,246	68	235,779

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the years ended March 31, 2012 and March 31, 2011**  
**(tabular amounts in \$000s)**

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

Vancouver Convention Centre <sup>(1)</sup>	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2012	2011
<b>Cost:</b>									
Opening balance	41,442	721,716	36,988	12,429	9,178	25	1,668	823,446	814,154
Additions	-	609	241	723	14	-	37	1,624	9,632
Disposals and adjustments	-	-	-	-	-	-	(78)	(78)	(340)
Closing balance	41,442	722,325	37,229	13,152	9,192	25	1,627	824,992	823,446
<b>Accumulated amortization:</b>									
Opening balance	-	(31,786)	(5,343)	(5,776)	(4,098)	(22)	(1,366)	(48,391)	(27,255)
Amortization expense	-	(15,952)	(1,876)	(1,732)	(1,674)	(3)	(290)	(21,527)	(21,204)
Effect of disposals and adjustments	-	-	-	-	-	-	76	76	68
Closing balance	-	(47,738)	(7,219)	(7,508)	(5,772)	(25)	(1,580)	(69,841)	(48,391)
<b>Net book value – March 31, 2012</b>	<b>41,442</b>	<b>674,587</b>	<b>30,010</b>	<b>5,645</b>	<b>3,420</b>	<b>-</b>	<b>47</b>	<b>755,151</b>	
<b>Net book value – March 31, 2011</b>	<b>41,442</b>	<b>689,930</b>	<b>31,645</b>	<b>6,653</b>	<b>5,080</b>	<b>3</b>	<b>302</b>		<b>775,055</b>

<sup>(1)</sup> Includes corporate office assets with a total net book value of \$30 thousand at March 31, 2012 (\$77 thousand at March 31, 2011)

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. Modifications and renovations to the east facility were substantially completed in fiscal 2011. The Vancouver Convention Centre's west facility, opened on April 3, 2009, and asset cost includes direct costs of construction and an apportioned amount of overhead costs directly attributable to its construction including capitalized interest earned of \$24.9 million.

At March 31, 2012, development and construction costs associated with the completion of the seawall along the west side of the Vancouver Convention Centre are included in costs. These costs are treated as work in progress and are recorded at cost with no amortization until the asset is substantially complete or ready for use. The value of this work is as follows:

Vancouver Convention Centre – work in progress	Buildings and improvements	Equipment	Total work in progress
Total costs – March 31, 2012	65	-	65
Total costs – March 31, 2011	47	41	88

At March 31, 2011, work in progress consisted of minor interior renovations and implementation of an energy management system.

# INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

## Vancouver Convention Centre Comparison of Financial Results and Targets (in \$000)

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Budget	2011/12 Actual	2012/13 Target	2013/14 Target	2014/15 Target
Revenue from operations	17,427	22,394	43,802	37,847	45,512	38,131	42,517	44,467
Expenses:								
Cost of sales	8,921	9,811	21,630	17,068	24,205	19,333	21,429	22,512
Staffing	5,535	7,722	8,273	9,049	8,289	8,231	8,370	8,502
Operating	7,296	11,371	10,888	10,209	9,964	10,719	10,888	11,019
General and administration	1,423	2,745	2,974	2,408	3,011	2,238	2,285	2,331
Business development	2,331	5,120	2,159	1,045	864	1,195	1,213	1,230
Fees	638	852	1,117	595	1,154	1,098	1,129	1,165
	26,144	37,621	47,041	40,374	47,487	42,814	45,314	46,759
Net income (loss) before amortization and other costs	(8,717)	(15,227)	(3,239)	(2,527)	(1,975)	(4,683)	(2,797)	(2,292)
Amortization	755	19,780	21,203	21,142	21,526	22,325	22,325	22,325
Net income (loss) before amortization of contributions	(9,472)	(35,007)	(24,442)	(23,669)	(23,501)	(27,008)	(25,122)	(24,617)
Amortization of contributions:								
Operating	8,717	15,348	3,386	-	2,125	-	-	-
Capital	755	19,659	21,056	21,042	21,376	22,175	22,175	22,175
Net income (loss) after contributions	-	-	-	(2,627)	-	(4,833)	(2,947)	(2,442)

**Note:**

Source of Financial 2011/12 Targets is the 2011/12 to 2013/14 Service Plan, published February 2011.

Source of Financial 2012/13 to 2014/15 Targets is the 2012/13 to 2014/15 Service Plan, published February 2012.

The costs and revenues of Corporate Services are now allocated to the Vancouver Convention Centre and BC Place. Prior year results have been adjusted to reflect this change. There is no effect to the consolidated financial results of PavCo.

Key performance information for the Convention Centre is consistent with that provided for the whole organization, and is separately disclosed in the Report on Performance.

Numerical data for fiscal years 2008/09 to 2010/11 have been restated to be consistent with the targets set in the 2011/12 to 2013/14 Service Plan. Restatement of the financial results has made no impact to the published Income (Loss).

The Convention centre west building commenced operations in April 2009 tripling the size of the facility. The east building was closed for renovations for a portion of Fiscal 2009/10.

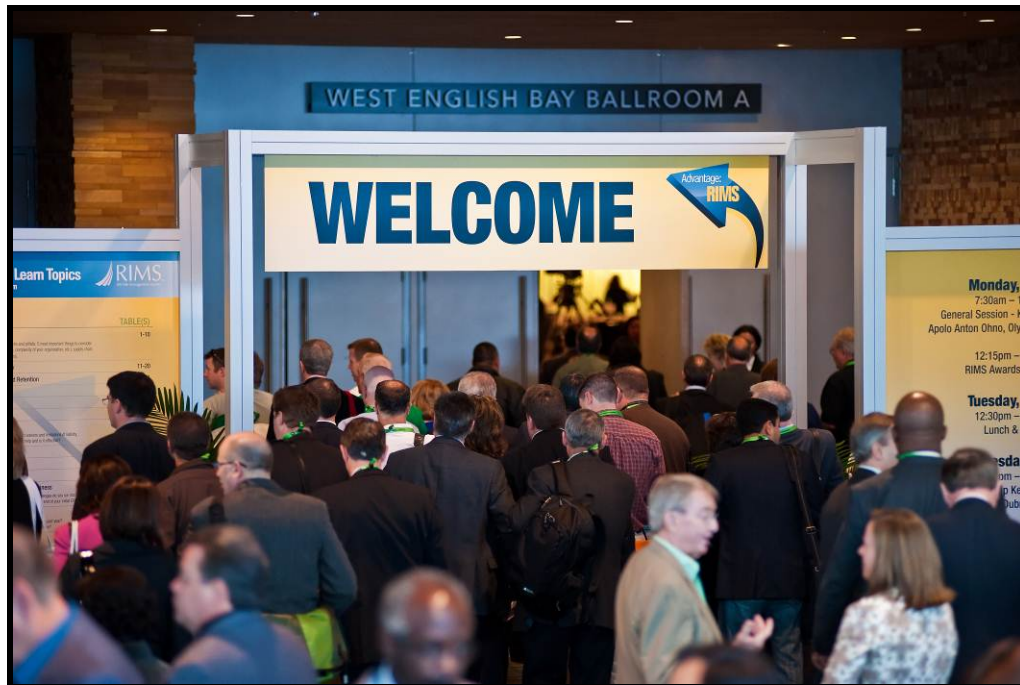
# INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

## Significant variances between actual financial results for Fiscal 2010/11 and Fiscal 2011/12:

- Revenues increased as it was the best year ever on record for convention activity in Vancouver. Recoveries of costs from clients for services were higher than expected. Direct event costs increased as a result of the higher business activity.
- General and administration costs increased due to non-recoverable equipment replacement costs and higher credit transaction costs than planned.
- Business development costs were lower due to a reduced scope of marketing activity for the year.
- Major capital expenditures reduced as the retrofit projects were completed.

## Significant variances between financial results Fiscal 2011/12 and target results for the year:

- Event revenues were higher than forecast due to increased spending by clients at events. The costs of hosting events increased due to the additional services provided to clients.
- Staffing costs were lower as a result of some budgeted positions remaining vacant.
- Operating costs were lower due to general savings in building repairs and maintenance costs.
- Business development costs were lower than target as a result of reduced project scope for the Convention Centre marketing plan.
- Fees were higher as a result of increased use of financial and legal consultants.
- Major capital expenditures were lower than forecast due to a reduced scope of asset renewals



# INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

## BC Place Comparison of Financial Results and Targets (in \$000)

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Budget	2011/12 Actual	2012/13 Target	2013/14 Target	2014/15 Target
Revenue from operations	10,593	10,954	9,962	6,528	37,946	15,520	30,793	16,403
Expenses:								
Cost of sales	3,471	4,857	204	2,664	3,109	6,094	5,857	5,964
Staffing	4,429	5,836	5,038	7,752	7,237	7,750	7,771	7,811
Operating	3,512	3,405	416	4,655	4,743	5,609	5,733	5,860
General and administrative	1,064	1,442	1,362	2,028	1,930	2,598	2,652	2,629
Business development	249	2,210	766	3,237	1,557	900	790	797
Fees	585	894	1,074	1,930	1,703	821	987	1,028
Redevelopment	1,493	2,283	12,985	9,566	25,001	2,000	500	500
Loan Interest	-	-	-	-	-	-	7,314	7,321
	14,803	20,927	21,845	31,832	45,280	25,772	31,604	31,910
Net income (loss) before amortization and other costs	(4,210)	(9,973)	(11,883)	(25,304)	(7,334)	(10,252)	(811)	(15,507)
Amortization	6,410	6,771	8,964	16,990	18,154	25,800	26,200	25,900
Extraordinary expenses	-	13,250	-	-	-	-	-	-
Net income (loss) before amortization of contributions	(10,620)	(29,994)	(20,847)	(42,294)	(25,488)	(36,052)	(27,011)	(41,407)
Amortization of contributions:								
Operating	4,210	23,326	14,920	-	13,479	-	-	-
Capital	6,410	6,668	5,927	11,115	13,483	18,347	18,747	18,447
Net income (loss) after contributions	-	-	-	(31,179)	1,474	(17,705)	(8,264)	(22,960)

### Note:

Source of Financial 2011/12 Targets is the 2011/12 to 2013/14 Service Plan, published February 2011.

Source of Financial 2012/13 to 2014/15 Targets is the 2012/13 to 2014/15 Service Plan, published February 2012.

The costs and revenues of Corporate Services are now allocated to the Vancouver Convention Centre and BC Place. Prior year results have been adjusted to reflect this change. There is no effect to the consolidated financial results of PavCo.

Key performance information for BC Place is consistent with that provided for the whole organization, and is separately disclosed in the Report on Performance.

BC Place was closed from April 2010 to September 2011 for upgrades and installation of a retractable roof.

Some data has been restated to be consistent with reporting requirements required on the transition to Public Sector Accounting Standards. Restatement of the financial results has made no impact to the published Income (Loss).

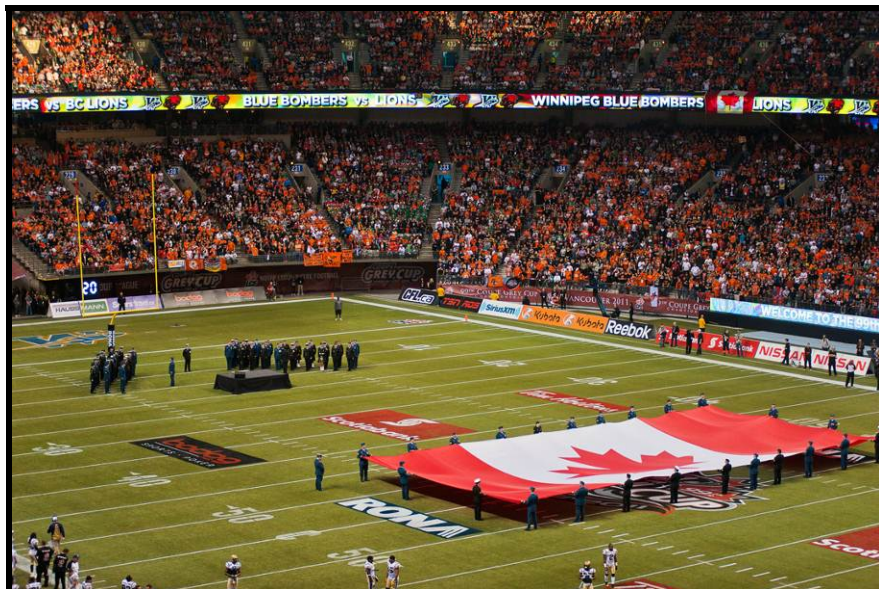
# INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

## Significant variances between financial results Fiscal 2010/11 and Fiscal 2011/12:

- Event revenues increased as a result of reopening of the facility following its upgrade. There was also other income recorded due to a one-time sale of development rights.
- Amortization of deferred contributions was higher as a result of the increase in the value of the underlying asset base.
- Costs in all expense categories increased due to the resumption of normal business activity in September 2011.
- Redevelopment expenses were higher due to obligations from the sale of rights.
- Capital expenditures were ongoing during the Stadium renewal program.

## Significant variances between financial results Fiscal 2011/12 and target results for the year:

- Event revenues were higher than budget with an increase in cost recoveries from clients. Other revenues were higher due to the sale of rights.
- Amortization of deferred contributions was higher than budget due to increased amortization of the underlying assets.
- Cost of sales increased as a result of increased services required and recovered from clients.
- Staffing costs were reduced due to slower uptake of staff than expected leading up to the reopening of the facility for operations.
- Operating costs were lower due to general savings in building maintenance activity due to closure for the first half of the fiscal year.
- Business development costs were lower than forecast. The original budget included a \$2 million provision for costs that were later reclassified to a prior period as a result of the transition to Public Sector Accounting Standards.
- Asset amortization expense was higher than target due to different amortization rates on certain asset classes than originally forecast.
- Redevelopment costs were higher than forecast due to obligations arising as a result of the sale of rights.
- Capital expenditures were for the continuation of the Stadium renewal program. The reported cost for the year was higher than previously anticipated due to costs deferred from the previous year being incurred.





# *Highlights during the year ended March 31, 2012*

## **Vancouver Convention Centre - 667 events**

### **Highlights**

- ACM Special Interest Group on Computer Graphics and Interactive Techniques (SIGGRAPH) 2011 Annual Conference
- American Association for the Advancement of Science (AAAS) Annual Meeting
- American Association of Physicists in Medicine (AAPM) 2011 Annual Meeting
- American Society for Engineering Education (ASEE) 2011 Annual Conference & Exposition
- Canadian Cardiovascular Congress 2011
- GLOBE 2012
- NAFSA 2011 Annual Conference & International Education Expo
- Risk & Insurance Management Society (RIMS) 2011 Annual Conference & Exhibition
- United States & Canadian Academy of Pathology (USCAP) 2012 Annual Meeting
- International Society of Nephrology 2011 World Congress
- 2011 Grey Cup Festival

## **BC Place – 31 events**

### **Highlights**

- 2012 CONCACAF Olympic Women's Qualifying Tournament
- Vancouver Whitecaps FC (6 Regular Season Games)
- 2012 99<sup>th</sup> Grey Cup
- CFL West Division Final
- BC Lions (4 Regular Season Games)
- Vanier Cup
- B.C. High School Football Championship
- Vancouver International Boat Show
- BC Home and Garden Show
- Playdome
- Monster Jam

**APPENDIX 1**  
**Source of Data for Performance Measures**  
**Comparison of New and Old Performance Measures**

GOAL	Measures per 2011/12 to 2013/14 Service Plan	Measures per 2012/13 to 2014/15 Service Plan	Reason for change in measures	Source of data
1. Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder.	Comparison of net economic benefits generated through operations.	Same		The Vancouver Convention Centre uses the Mixed Model approach to measure economic Impact. It bases estimates on (a) detailed surveys of client, delegate and production spending for each event, and (b) economic impact estimates calculated through the BC Stats Input/Output model. BC Place bases estimates on the BC Stats Input/Output model, using visitor, exhibitor and producer numbers for those attending events.
	Comparison of non-resident delegate days – Vancouver Convention Centre.	Same		Actual delegate days are the number of out-of-province delegates, as supplied by show managers and tracked through the Corporate Event Management System. Estimates for future years are derived from data provided through the Corporate Event Management System.
	Comparison of year-over-year attendance – BC Place.	Same		The data is generated from the ticket count of visitors at spectator events and the floor count of visitors at other BC Place events.
2. Maintain and increase client services and satisfaction.	Score on client satisfaction surveys – BC Place and Vancouver Convention Centre.	Same		Data is derived from surveys sent to clients post-event and guests during events.

**APPENDIX 1**  
**Source of Data for Performance Measures**  
**Comparison of New and Old Performance Measures**

<b>GOAL</b>	<b>Measures per 2011/12 to 2013/14 Service Plan</b>	<b>Measures per 2012/13 to 2014/15 Service Plan</b>	<b>Reason for change in measures</b>	<b>Source of data</b>
	Retention of existing business – BC Place.	Facility occupancy days - BC Place.	Occupancy days are a measure of how busy the Stadium is with direct event related activity. Although retention of business remains an important measure, the ability to host events year-round now allows for more days of occupancy. PavCo will maximize its days of occupancy at BC Place.	Occupancy days consist of building conversion, event move in, move out and the actual event opening or public days. Data is collected from event files.
3. Maintain and improve the facilities under our management.	Achievement of major milestones on capital work programs.	Same		Milestones and construction progress is reported through progress reports and Construction committee meetings. Data is collected through Oracle project management system.
4. Increase innovation, learning and growth.	Employee retention – BC Place The goal remains – however the measure has been temporarily discontinued.	Same	Retention statistics will not be meaningful until BC Place has been open for a full business cycle and baseline data can be accumulated.	Data is collected from Human Resources files. Retention is based on the percentage of active staff on payroll at the end of each year, as compared to staff at the beginning of the year, plus recruits during the year.

# CONTACT INFORMATION

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