

B.C. Pavilion Corporation

2021/22
Annual Service Plan Report

August 2022



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Board Chair's Accountability Statement



The *BC Pavilion Corporation 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

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

Dr. Gwendolyn Point
Chair
June 10, 2022

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Letter from the Board Chair & CEO

On behalf of the Board of Directors and the employees of the B.C. Pavilion Corporation (PavCo), we are pleased to present PavCo's Annual Service Plan Report for the 2021/22 fiscal year. As a Crown corporation, PavCo's primary mandate is to create significant economic and community benefits for the people of British Columbia (B.C.). We accomplish this by attracting events that bring attendees and guests from around the world, benefiting the people, communities and businesses of B.C. Our commitment to collaborate with government, industry stakeholders, clients, suppliers and members of the community makes this possible.

In fiscal year 2021/22, the tourism and events sector continued to face challenges due to the COVID-19 pandemic and related restrictions on travel and gatherings to support public safety. Despite the devastating impacts, PavCo made progress toward recovery, adapting its protocols to remain open and operating this past fiscal year as health guidelines allowed. PavCo also aligned its business strategy with the Province's Strategic Framework for Tourism and other Government priorities, including support for sport, music and art event hosting and pandemic response and recovery.

Last fiscal year, the Vancouver Convention Centre continued to support the Province's response to COVID-19 as a large-scale venue, serving as a mass immunization clinic from March 2021 to August 2021 and again from January 2022 to February 2022. This enabled the delivery of more than 600,000 COVID-19 vaccinations, helping protect British Columbians and supporting the reopening of the business sector. Throughout fiscal 2021/22, the Convention Centre also hosted the Provincial Health Services Authority's and BC Centre for Disease Control's COVID-19 Response Team for contact tracing and test-processing, as well as being available as a potential Alternative Care Site.

In addition to these critical health operations, the Convention Centre explored ways to generate additional revenue and positive economic and social impacts, including the hosting of professional industry exams, film and television shoots, as well as immersive art experiences including *Imagine Van Gogh: the Original Immersive Exhibition* and *Michelangelo's Sistine Chapel: the Exhibition*. Towards the end of the fiscal year, the Convention Centre also welcomed back larger local events, including the Vancouver Christmas Market and Vancouver Fan Expo. The Convention Centre continues to engage with Government, health officials and the events and conventions industry to collaborate on strategies to support the safe resumption and recovery of the sector.

BC Place Stadium also worked closely with its clients and partners over the past year to explore a diverse range of creative opportunities designed to support the safe resumption of business and community activity. BC Place resumed events in summer 2021 with the return of Vancouver Whitecaps FC, BC Lions and HSBC Canada Sevens. Towards the end of fiscal 2021/22 the Vancouver Whitecaps FC began their 2022 season at BC Place. In addition to sporting events, BC Place supported various clients, including exhibitions and film shoots. The stadium also

provided much-needed training space for the Canada Task Force 1’s special operations team to practice for emergency search and rescue situations.

After another challenging year due to the global COVID-19 pandemic, PavCo is proud of our results and the resilience exemplified by our employees. We remain committed to the health and safety of our employees, guests and community as we continue to manage our business in the best interest of British Columbians and deliver on the strategic priorities outlined by the Government of B.C. in the [2021/22 Mandate Letter](#).

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

Dr. Gwendolyn Point



Board Chair,
B.C. Pavilion Corporation
June 10, 2022

Ken Cretney



President and CEO,
B.C. Pavilion Corporation
June 10, 2022

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

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

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

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

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021-22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures, and financial plan outlined in the 2021/22 B.C. Pavilion Corporation's [Service Plan](#) as well as actual results reported on in this annual report.

Operating Environment

Measures put in place beginning in March 2020 to prevent the spread of COVID-19, including restrictions on mass gatherings and international travel, continued to significantly impact PavCo's business throughout 2021/22. While PavCo was able to diversify its business portfolio and generate revenue, it was not able to host large events until near the end of the 2021/2022 fiscal year.

Beginning in summer 2021, the Provincial Health Officer gradually lifted public health orders concerning events and gatherings in a phased approach. By the end of the fiscal year, capacity limits and requirements to wear a face mask in all public indoor spaces was fully lifted. The team at PavCo remained agile, adapting to the changing Public Health Orders and hosting a range of modified activities that follow all relevant health and safety guidelines.

While COVID-19 disrupted the events and meetings industry significantly, PavCo continued to pursue new business, winning contracts for global conventions and events into future years. Additionally, PavCo has been engaging with industry stakeholders and participating in important dialogue on short and long-term recovery strategies for the events and meetings industry.

Report on Performance: Goals, Objectives, Measures and Targets

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

PavCo measures its progress every year through financial reporting and benchmarking within both the conventions/meeting industry and the live sports/entertainment industry.

Objective 1.1: Improved attendance and economic benefits to the Province

PavCo strives to maximize an annual positive economic impact for the Province by generating its own source operating revenues which are primarily created by client and event attendance. By further effectively managing its facility operating costs of its two world-class facilities, the intent of these efforts is to minimize its reliance on Provincial funding while providing the economic benefit.

Key Highlights

- Executed sales and marketing initiatives, such as increased collaboration with partners and leveraging relationships with decision makers, to attract events that drove economic benefit for B.C., while safely operating within public health guidelines. As health restrictions eased through the second half of the fiscal year, PavCo was able to resume more normalized business operations, expand event offerings, focus on regional revenue generating opportunities and continue its support for the Province's pandemic response.
- Pursued business development which resulted in securing future event bookings and expanded partnerships in both regional and international markets to support long-term revenue growth and economic benefit.
- Determined ways to reduce operating costs, leverage shared services and become more efficient.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target ⁵	2023/24 Target ⁵
Total Economic Impact, in millions (M)					
1.1a Economic impact at Vancouver Convention Centre from all spending from outside Metro Vancouver. ¹	\$22 M	\$98 M	\$99 M	\$251 M	\$309 M
1.1b Economic impact at BC Place from all spending. ¹	\$1.673 M	\$60 M	\$43.7 M	\$122 M	\$125 M
Economic Impact from out of province (non-resident) attendance, in millions (M)					
1.1c Economic impact at Vancouver Convention Centre from spending from outside British Columbia. ¹	\$18 M	\$82 M	\$83 M	\$211 M	\$260 M
1.1d Economic impact at BC Place from spending by visitors from outside British Columbia. ¹	\$0.512 M	\$12 M	\$9.348 M	\$23 M	\$25 M
1.1e Delegate days to Vancouver Convention Centre by visitors from outside British Columbia. ²	28,000	0.127 M	0.110 M	0.325 M	0.401 M
1.1f Delegate days for all visitors outside Metro Vancouver to Vancouver Convention Centre. ²	37,000	0.168 M	0.146 M	0.431 M	0.532 M
1.1g Total attendance at BC Place events. ³	4,376	0.293 M	0.229 M	0.683 M	0.697 M
1.1h Operating deficit (surplus) target, before Government sustaining contributions. ⁴	\$36.927 M	\$38.434 M	\$31.019 M	\$28.195 M	\$23.093 M

Data source:

¹ Economic impact is calculated using the BC Stats model and is based on estimated expenditures by organizers and visitors at events in the facilities, subsequent spending in the Province following the event, and the multiplier effect through the economy of such spending. Projections for 2022/23 and future years are based on calculated estimates by PavCo management.

² Delegate days for attendees at Vancouver Convention Centre for fiscal 2021/22 were actual days recorded in PavCo's event management system. Target delegate days for fiscal 2022/23 and 2023/24 were based on confirmed and tentative bookings in the event management system.

³ Attendance at BC Place is the total of announced attendance by clients for attendance at their events.

⁴ The corporate operating deficit before Government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses. Operating (losses) / gains before land disposition, interest, amortization, redevelopment expense, Government transfers, grants to third parties and contributions are: 2020/21 (\$25.806M), 2021/22 (\$20.224M), 2022/23 (\$22.759M Target) and 2023/24 (\$16.439M Target).

⁵ Target results for the Fiscal Year 2022/23 and 2023/24 were updated in the [2022/23 – 2024/25 Service Plan](#).

Discussion of Results

PavCo was able to reduce its overall operating deficit target for fiscal year 2021/22 as a result of improving business conditions, gradual removal of pandemic related restrictions and execution of its strategic business plans.

Vancouver Convention Centre

The Vancouver Convention Centre creates its greatest economic impact by attracting delegates and exhibitors from outside of British Columbia (non-resident delegates) to events which would not have been hosted in the Province if the Convention Centre did not exist. A non-resident delegate day is a day when a non-British Columbian attended an event at the Convention Centre, and likely stayed at a local hotel and visited restaurants, retailers or other hospitality businesses. The majority of delegates have multiple delegate days per visit.

Due to the travel and gathering restrictions arising from the COVID-19 pandemic, the Convention Centre was unable to host any events with non-resident delegates until the end of the fiscal year and therefore, was largely unable to generate the related economic impact from these delegates when compared to pre pandemic years.

While the Convention Centre faced barriers to generating economic impact from out-of-province attendance of events, it pivoted its business to fully focus revenue from local industries, including through the hosting of TV and film shoots, cultural and community events and smaller-scale meetings when public health orders permitted.

PavCo continued to generate economic benefit for the Province based on these allowable business and operating activities. In 2021/22, the economic impact generated by the Convention Centre was \$99 million, a significant improvement over the previous years' economic impact of \$22 million.

In addition to the economic impact generated through local events, the Convention Centre also delivered significant community benefit to British Columbians as a result of its support for critical COVID-19 response health operations by Vancouver Coastal Health, Provincial Health Services Authority and BC Centre for Disease Control. While these operations do not have a direct economic impact, they were instrumental in helping protect British Columbians, which had the ripple effect of supporting the reopening of businesses.

BC Place Stadium

Spectator events returned to the stadium for the first time since March 2020 at half capacity in August 2021, increasing to full capacity in October 2021. While this was a major step for the venue, the pandemic continued to significantly impact attendance, resulting in a limited economic impact of \$43.7 million. As with the prior year, overall economic impact continues to be significantly reduced in comparison to pre-pandemic levels which typically exceeded \$100 million.

In addition to sporting events, BC Place continued to develop creative solutions to generate economic benefits for British Columbia. With support from government, industry leaders, health

professionals, and key stakeholders, BC Place hosted several modified activities including multiple film and television productions, immersive events, banquets and meetings.

Goal 2: Provide exceptional customer service

PavCo continues to build its reputation as an organization capable of hosting world-class events. Exceptional client and guest satisfaction elevate PavCo’s reputation among industry stakeholders, driving up future attendance levels and attracting new clients. This ensures PavCo achieves its goal of maximizing economic benefit and corporate profit.

Objective 2.1: Deliver exceptional customer service to support growth

Key Highlights

- Ensured flexible event planning and operations provided superior value to clients during the changing requirements of the pandemic in accordance with Public Health orders.
- Provided an exceptional service culture that ensured PavCo and its suppliers’ staff provided seamless, superior service delivery particularly as events were adapted.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1a Service Quality – Loyalty Index, Convention Centre. ¹	9.4/10	Maintain or improve	9.5/10	Maintain or Improve	Maintain or Improve
2.1b Client Satisfaction, BC Place. ²	4.9/5	Maintain or improve	4.9/5	Maintain or Improve	Maintain or Improve
2.1c Guest Satisfaction, BC Place. ³	Postponed	Maintain or improve	Postponed due to pandemic	Maintain or Improve	Maintain or Improve

Data Sources:

¹Client survey sent to all clients, conducted by Sentis Market Research. Client Loyalty Index is used to measure service quality for the Vancouver Convention Centre. This combines overall satisfaction with the client’s likelihood to rebook and recommend the facility. The survey also includes questions on: true value for price, event planning process and event execution. Results are combined to determine an overall Loyalty Index that is measured as a score out of 10.

²Comprehensive on-line client satisfaction survey. Developed in 2013, this survey is sent to all clients who hold events at BC Place. Data from the survey measures client experience from the time of booking, up to the preparation of the final billing for the event. In 2020/21 and 2021/22, the sample size was extremely limited due to limited events resulting from the pandemic. Targets for 2022/23 and 2023/24 represent targets based on increased events and a larger sample size, using historical averages as a baseline measure. Scores are measured as a total out of 5.

³Guest satisfaction survey, originally initiated at BC Place in 2012/13. Guest satisfaction results are collected via touch-screen stations distributed throughout the Stadium. As a result of the limited events hosted during the Fiscal Year 2021/22, this survey was not undertaken and has been postponed to the following year. As a result of the limited number of guest events and operational focus during the fiscal year 2021/22, this survey was postponed, but is expected to be reinstated in fiscal year 2022/23. Scores are measured as a total out of 5.

Discussion of Results

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

At the Convention Centre, all employees, including official and exclusive supplier partners, conduct daily 'line-up' meetings that focus on the facility's service philosophy, as well as attend a training session focused on service excellence. The Service Quality – Loyalty Index survey was reinstated this year with a limited sample size due to fewer events hosted in the facility. In the next fiscal year the survey is expected to return to more historical sample size levels.

In Fiscal Years 2020/21 and 2021/22, BC Place achieved its highest-ever result for Client Satisfaction with a score of 4.9 out of 5, however, it should be noted that the sample size surveyed was significantly smaller and different from previous years. In fiscal year 2021/22 the survey data was completed by event clients whose needs of the venue were significantly less complex than traditional sporting and concert events. BC Place's Guest Satisfaction survey was postponed during this fiscal year as a result of the limited events and attendees but is expected to be reinstated in the next fiscal year.

Goal 3: Build a highly engaged workforce

PavCo's continued success depends on talented leaders and engaged employees who share its commitment to achieve the mandate of the organization. The PavCo management team has developed a people strategy for the organization that is designed to support a high level of employee engagement. Accomplishments within the fiscal year are outlined below.

Objective 3.1: Attract and retain a highly engaged workforce

Key Highlights

- Formalized a Diversity, Equity and Inclusion strategy.
- Developed and implemented optimized resourcing plans to support post pandemic business and operational needs.
- Implemented a formal approach to hybrid work - "Work Styles Policy" - for roles that allow for work to be performed remotely.
- Established talent management and succession plans for key senior level positions within the organization.
- Successfully negotiated a new three-year contract at BC Place Stadium to ensure business continuity and a fair and respectful work environment.

Discussion of Results

Performance Measures	2019/20 Baseline	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
3.1a Employee Engagement ¹ - Score on Annual Employee Surveys, PavCo-wide. ²	69%	Maintain or improve upon baseline	69%	Maintain or Improve upon baseline	Maintain or Improve upon baseline
3.1b Employee Engagement - Score on Annual Employee Surveys, BC Place. ³	59%	Maintain or improve upon baseline	55%	Maintain or Improve upon baseline	Maintain or Improve upon baseline
3.1c Employee Engagement - Score on Employee Surveys, Convention Centre. ⁴	76%	Maintain or improve upon baseline	73%	Maintain or Improve upon baseline	Maintain or Improve upon baseline

Data Sources:

¹ Annual employee engagement survey (including full-time and part-time employees) conducted by Great Place to Work©. The survey measures employee ratings on the following areas: communication and direction, management effectiveness, commitment to results, job satisfaction, professional workplace and work-life balance, organizational satisfaction and commitment, retention and development and familiarity with the Vancouver Convention Centre’s service standards.

² Includes all full-time and part-time PavCo employees at BC Place, the Vancouver Convention Centre and PavCo Head Office.

³ Includes all full-time and part-time PavCo employees at BC Place, including event staff.

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

Discussion of Results

In fiscal year 2021/22, PavCo’s workforce continued to be impacted from pandemic related restrictions. Event cancellations and postponements resulted in temporary reductions to staffing levels, primarily in the first half of the fiscal year. PavCo focused on strategies to retain employment continuity as much as possible, supporting team members by leveraging reduced hours, enacting temporary layoffs and utilizing work share programs. Staffing levels approached full return by the third quarter of the fiscal year with the resumption of more normalized business activities and operations.

Key highlights this past year included continued focus on diversity, equity and inclusion (DE&I), mental health and wellness, formalizing a hybrid work approach, and successful negotiation of the collective agreement at BC Place. Team members attended mandatory DE&I training on fostering an inclusive environment, allyship and understanding privilege. Ongoing campaigns to raise awareness on social justice issues focused on topics such as anti Asian racism, impact of residential schools, accessibility awareness and our first ever Pride campaign. Mental health education and awareness focused on a rollout of the Working Minds sessions in partnership with the Mental Health Commission of Canada. Finally, PavCo’s internally developed Ignite leadership program continued with 49 leaders across the organization participating in the final year of the program.

The employee engagement survey was held in the last quarter of the fiscal year in partnership with our third-party survey provider, after being postponed in fiscal year 2020/21 due to the pandemic. Despite a challenging two years of pandemic related restrictions, temporary staffing reductions and an evolving work environment, employee engagement results held steady from the previous survey conducted in fiscal year 2019/20. Focus remained on enhancing ongoing

communications and connectivity with the workforce throughout the fiscal year, which included increased leader one-on-one meetings, weekly staff check-ins, all hands CEO updates, mini Pulse surveys and more frequent virtual and in person social events.

Financial Report

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

Discussion of Results

Overall financial results for fiscal year 2021/22 continued to be negatively impacted by the pandemic and the resulting Provincial Health Orders restricting gatherings and travel. A net surplus of \$2.016 million was created as a result of an additional sustaining contribution of \$26.034 million from the Province of British Columbia. This surplus was retained and will be utilized to support fiscal year 2022/23 operations. Had this additional funding not been received, PavCo's net loss would have been \$24.018 million.

Total operating revenues of \$28.360 million were slightly lower than the budget of \$29.695 million. Revenues were generated to a limited extent through the early part of the year and increased through the second half of the year as pandemic restrictions allowed. Sources of revenue returned to more traditional lines of business including meetings and conventions, live sporting events, exams, filming, art exhibits and ongoing health care activations to support the Province's pandemic response and recovery plans.

Total expenses of \$96.631 million were \$7.233 million lower than budget, with the majority of savings to budget related to savings in event costs, salaries and facility operating costs.

At BC Place, major events were cancelled through the earlier part of the year but resumed during the summer months once pandemic restrictions began to lift. Revenue totaling \$10.555 million was generated through live sporting events, filming, service recoveries, rentals and smaller ancillary revenues for the fiscal year, compared to revenues of \$1.999 million in the previous year. Total event and facility operating expenses of \$45.031 million was a savings of \$1.636 million to budget, resulting from reduced spending in areas such as event cost of sales, staffing, utilities, maintenance and other operating costs.

For the Vancouver Convention Centre, total event related revenues of \$17.805 million were lower than projected revenues by \$1.815 million. Revenues were generated across various segments including meetings, conventions, conferences, filming, art exhibits and various health care activations within the PHO operating guidelines. The lower event revenues were offset by savings of \$3.640 million in event related costs, along with an additional \$1.957 million of savings in other staffing, operating and amortization costs. Total expenses of \$51.600 million were lower than the budget by \$5.597 million or 9.8 per cent.

In accordance with the terms of the loan agreement with the Province of British Columbia, PavCo incurred interest charges of \$4.294 million compared to \$4.392 million in 2020/21.

Reflecting prior significant capital investment in PavCo’s facilities, amortization of capital assets accounted for \$43.843 million, slightly higher than the prior year’s amortization amount. Capital expenditures amounted to \$10.212 million, representing a broad range of items such major and routine capital asset upgrades, client experience improvements and critical health and safety projects. Notable investments at BC Place included turf replacement while capital costs for the Convention Centre included items such as carpet replacement and infrastructure upgrades.

Financial Summary

(\$ millions)	2020/21 Actual	2021/22 Budget ²	2021/22 Actual	2021/22 Variance
Revenue				
Sales	7.201	26.695	22.008	(4.687)
Other Revenues	1.417	3.000	6.352	3.352
Revenue from Operations	8.618	29.695	28.360	(1.335)
Sustaining Contributions	37.162	17.101	33.035	15.934
Deferred Contributions	36.971	35.735	37.252	1.517
Total Revenue	82.751	82.531	98.647	16.116
Expenses				
Cost of Sales	2.548	14.823	9.972	(4.851)
Staff	16.046	22.245	20.668	(1.577)
Operating	8.956	12.809	10.845	(1.964)
General and Administration	5.424	4.231	5.079	0.848
Business Development	0.143	0.649	0.295	(0.354)
Fees	1.307	2.383	1.635	(0.748)
Loan Interest	4.392	4.294	4.294	-
Capital Asset Amortization	43.700	42.430	43.843	1.413
Total Expenses	82.516	103.864	96.631	(7.233)
Annual Surplus (Deficit)	0.235	(21.333)	2.016	23.349
Total Debt	131.983	128.972	128.972	-
Accumulated Surplus	47.259	25.836	49.275	23.439
Capital Expenditures	9.900	10.000	10.212	0.212

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

Note 2: The Fiscal Year 2021/22 Budget was developed pre pandemic as presented in our [2021/22-2023/24 Service Plan](#). Subsequent to finalization of the 2021/22 Service Plan in April 2021, the budget presented above does not include a small, offsetting adjustment to both Revenue and Expenses as reported in the audited financial statements. The adjustment is considered immaterial and has no resulting impact to the Reported Annual Surplus (Deficit).

Variance and Trend Analysis

Financial results for fiscal year 2021/22 reflect the ongoing impact caused by the pandemic, which disrupted the entire global meetings and events industry. The resulting Provincial Health Orders restricting gatherings, hosting large scale events and inbound travel resulted in BC Place and the Convention Centre being unable to host any major events or activities since mid-March 2020.

Total revenues from operations represented a significant reduction from revenues realized over the past three years, which have averaged \$81.419 million over fiscal years 2017/18 through 2019/20. Revenues in 2021/22 did, however, increase substantially from the prior operating year by \$19.742 million, as events returned to our facilities and business development activities began to yield results. To support PavCo's operations, the Province of British Columbia provided an additional sustaining contribution of \$26.034 million.

Over the past year, PavCo remains an active member in an important dialogue on the successful recovery of the events and meetings industry and have actively engaged with both industry partners and key stakeholders regionally, nationally, and internationally in these recovery efforts.

Risks and Uncertainties

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

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

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

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

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

Credit Risk - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations. PavCo's exposure to credit risk is related only to the value of accounts receivable in its normal course of business, and the Corporation manages this risk by minimizing the amount of transactions that require recovery. The Corporation continually monitors and manages the collection of receivables from other customers, while adding provisions where collection of balances is less likely.

Appendix A: Additional Information

Organizational Overview

PavCo owns and operates two world-class public facilities located in downtown Vancouver: [BC Place](#) and the [Vancouver Convention Centre](#).

Stakeholders

BC Place is proud to be the home of the BC Lions Football Club competing in the Canadian Football League (CFL), Vancouver Whitecaps FC of Major League Soccer (MLS) and the Canada Sevens, part of the World Rugby Sevens Series. BC Place is also the home of the BC Sports Hall of Fame.

PavCo stakeholders also include Destination Vancouver as a contributing partner 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; neighbours; and the general public.

Vision

To be a global leader in outstanding venues and events.

Mission

To deliver inspiring and sustainable experiences for our clients, guests and our community, by hosting conventions, entertainment, sporting and related events that meet their highest expectations.

Corporate Governance

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

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

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

Contact Information

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Appendix B: Subsidiaries and Operating

Vancouver Convention Centre

Financial Summary

(\$ millions)	2020/21 Actual	2021/22 Budget	2021/22 Actual
Revenue			
Sales	6.399	19.620	14.561
Other Revenues	0.220	0.000	3.244
Revenue from Operations	6.619	19.620	17.805
Sustaining Contributions	19.030	7.816	15.834
Deferred Contributions	20.311	20.176	20.764
Total Revenues	45.960	47.612	54.403
Cost of Sales			
Cost of Sales	2.296	10.753	7.113
Staff	9.481	13.200	12.019
Operating	7.282	9.032	8.166
General and Administration	2.369	2.375	2.651
Business Development	0.115	0.361	0.170
Fees	0.541	1.043	0.562
Capital Asset Amortization	20.558	20.433	20.919
Total Expenses	42.642	57.197	51.600
Net Income	3.318	(9.585)	2.803

BC Place

Financial Summary

(\$ millions)	2020/21 Actual	2021/22 Budget	2021/22 Actual
Revenue			
Sales	0.802	7.075	7.447
Other Revenues	1.197	3.000	3.108
Revenue from Operations	1.999	10.075	10.555
Sustaining Contributions	18.132	9.285	17.201
Deferred Contributions	16.660	15.559	16.488
Total Revenues	36.791	34.919	44.244
Expenses			
Cost of Sales	0.252	4.070	2.859
Staff	6.565	9.045	8.649
Operating	1.674	3.777	2.679
General and Administration	3.055	1.856	2.428
Business Development	0.028	0.288	0.125
Fees	0.766	1.340	1.073
Loan Interest	4.392	4.294	4.294
Capital Asset Amortization	23.142	21.997	22.924
Total Expenses	39.874	46.667	45.031
Net Income	(3.083)	(11.748)	(0.787)

Appendix C: Auditor's Report and Audited Financial Statements

B.C. Pavilion Corporation

Financial Statements

Fiscal Year Ended March 31, 2022

Audited Financial Statements

March 31, 2022

B.C. Pavilion Corporation

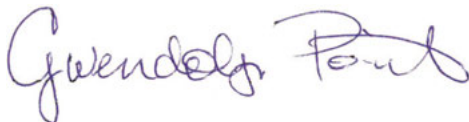
Statement of Management Responsibility

The financial statements of the B.C. Pavilion Corporation have been prepared by management in accordance with the financial reporting framework disclosed in note 2 to these financial statements, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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



Gwendolyn Point
Chair – Board of Directors



Curt Walker, FCPA, FCMA
Chief Financial Officer

Vancouver, British Columbia
June 10, 2022



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements of B.C. Pavilion Corporation (the Corporation) as at March 31, 2022 and for the year then ended are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

What we have audited

The Corporation's financial statements comprise:

- the statement of financial position as at March 31, 2022;
- the statement of operations and change in accumulated surplus for the year then ended;
- the statement of change in net debt for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806

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



Emphasis of matter – basis of accounting

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers LLP

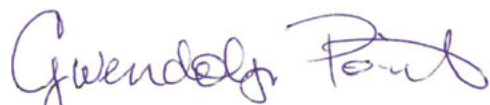
Chartered Professional Accountants

Vancouver, British Columbia
June 16, 2022

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

	<i>Note</i>	March 31 2022	March 31 2021
Financial Assets			
Cash and cash equivalents	4	28,853	18,532
Restricted Cash	4	350	350
Investments	4	417	412
Accounts receivable	5	6,272	4,551
Due from governments	6	5,266	6,673
		41,158	30,518
Liabilities			
Accounts payable and accrued liabilities	7	11,086	9,899
Due to governments	6	9,402	9,363
Employee leave liability		1,404	1,315
Deferred revenue	8	31,983	28,269
Deferred capital contributions – government	9	783,638	809,880
Deferred capital contributions – other	10	6,146	7,162
Long-term debt	11	128,972	131,983
		972,631	997,871
Net debt		(931,473)	(967,353)
Non-financial assets			
Tangible capital assets	12	980,148	1,013,780
Inventories held for use		145	145
Prepaid expenses		455	687
		980,748	1,014,612
Accumulated surplus		49,275	47,259
Contingencies and contractual obligations	13		

Approved on behalf of the board:



Gwendolyn Point.
Chair – Board of Directors



Flavia Coughlan
Member – Board of Directors

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

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

	<i>Note</i>	31-Mar-22		31-Mar-21
		Budget	Actual	Actual
		<i>(Note 17)</i>		
Revenues	20			
Event revenues		22,717	19,448	4,418
Lease revenues		6,081	6,208	2,783
Miscellaneous revenues		1,191	2,560	1,312
Operating contributions - government		17,101	33,035	37,162
Deferred capital contributions -government		34,806	36,236	36,041
Deferred capital contributions - other		930	1,016	930
Interest revenue		-	144	105
		82,826	98,647	82,751
Expenses	14,20			
BC Place Stadium		46,935	45,031	39,874
Vancouver Convention Centre		57,224	51,600	42,642
		104,159	96,631	82,516
Annual operating surplus (deficit)		(21,333)	2,016	235
Accumulated surplus, beginning of year		47,259	47,259	47,024
Accumulated surplus, end of year		25,926	49,275	47,259

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

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

	31-Mar-22		31-Mar-21
	Budget	Actual	Actual
	<i>(Note 17)</i>		
Annual operating surplus (deficit)	(21,333)	2,016	235
Acquisition of tangible capital assets	(10,000)	(10,212)	(9,900)
Amortization of tangible capital assets	42,430	43,843	43,700
	<u>11,097</u>	<u>35,647</u>	<u>34,035</u>
Acquisition of prepaid expense	-	(4,756)	(5,259)
Use of prepaid expense	-	4,989	5,813
	<u>-</u>	<u>233</u>	<u>554</u>
Acquisition of inventory for use	-	(156)	(48)
Use of inventory	-	156	58
	<u>-</u>	<u>-</u>	<u>10</u>
Decrease in net debt	<u>11,097</u>	<u>35,880</u>	<u>34,599</u>
Net debt – beginning of year		<u>(967,353)</u>	<u>(1,001,952)</u>
Net debt – end of year		<u>(931,473)</u>	<u>(967,353)</u>

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

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

	March 31	March 31
	2022	2021
Surplus for the year	2,016	235
Changes in Non-cash Items Included in Surplus (Deficit):		
Amortization of tangible capital assets	43,843	43,700
Amortization of deferred capital contributions – government	(36,236)	(36,041)
Amortization of deferred capital contributions – other	(1,016)	(930)
Changes in Non-Cash Working Capital Items:		
Accounts receivable	(1,721)	6,325
Due from governments	1,407	(458)
Due to governments	39	(100)
Accounts payable and accrued liabilities	1,187	(3,994)
Employee leave liability	89	84
Deferred revenue	3,714	(4,390)
Inventories held for use	-	10
Prepaid expenses	233	554
<i>Cash provided by or (used in) operating transactions</i>	<u>13,555</u>	<u>4,995</u>
Purchase of tangible capital assets	(10,212)	(9,900)
<i>Cash used in capital transactions</i>	<u>(10,212)</u>	<u>(9,900)</u>
Investing Transactions		
Investment	(5)	(412)
<i>Cash used in investing transactions</i>	<u>(5)</u>	<u>(412)</u>
Financing Transactions		
Deferred capital contributions – government	9,994	9,771
Repayment of long-term debt	(3,011)	(2,915)
<i>Cash provided by financing transactions</i>	<u>6,983</u>	<u>6,856</u>
Increase in cash and cash equivalents	10,321	1,539
Cash and cash equivalents – beginning of year	18,882	17,343
Cash and cash equivalents – end of year	<u><u>29,203</u></u>	<u><u>18,882</u></u>

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in \$000s)

1. Authority and Nature of Operations and Economic Dependence

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

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

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

Economic Dependence

In March 2020, the World Health Organization declared a global pandemic related to the COVID-19 pandemic. The pandemic has significantly disrupted economic activities in British Columbia and in particular the meetings, events, spectator sports and entertainment sectors, which has resulted in a significant reduction in event revenues for the Corporation's March 31, 2022 year end. Although the economic influence from the pandemic is expected to be temporary, any estimate of the length and severity of the pandemic is subject to significant uncertainty. Accordingly, estimates of the extent to which the COVID-19 pandemic may, directly or indirectly, impact the Corporation's operations, financial results and condition in future periods are also subject to significant uncertainty. These financial statements have been prepared on a going concern basis. The operations of the Corporation are dependent on continued funding from the Province of British Columbia.

2. Significant Accounting Policies

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

Financial assets

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

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

Tangible capital assets

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

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

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

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

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

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

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

Inventories

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

Prepaid expenses

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

Revenue recognition

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

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

2. Significant Accounting Policies (cont.)

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

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

Capital contributions

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

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

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

Expenses

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

Financial Instruments - recognition and measurement

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

Employee pension plan

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

3. Measurement Uncertainty

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

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

4. Cash and Investments

	March 31 2022	March 31 2021
Unrestricted cash	28,853	18,532
Restricted cash	350	350
	<u>29,203</u>	<u>18,882</u>
Investments	417	412

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

5. Accounts Receivable

	March 31 2022	March 31 2021
Trade	8,769	7,340
Other receivables	61	77
Subtotal	<u>8,830</u>	<u>7,417</u>
Less: provision for doubtful accounts	<u>(2,558)</u>	<u>(2,866)</u>
	<u>6,272</u>	<u>4,551</u>

6. Due to and from Governments

	March 31 2022	March 31 2021
Due from federal government	52	252
Due from provincial government	5,214	6,421
Total due from governments	<u>5,266</u>	<u>6,673</u>
Due to provincial government	9,402	9,363

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

7. Accounts Payable and Accrued Liabilities

	March 31 2022	March 31 2021
Trade accounts payable and accrued liabilities	8,833	7,561
Accrued interest on long-term debt	2,124	2,173
Builder's lien and other holdbacks	129	165
	11,086	9,899

8. Deferred Revenue

	March 31 2022	March 31 2021
Unearned lease revenues	20,587	21,912
Unearned event revenue and deposits	11,396	6,357
	31,983	28,269

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

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

9. Deferred Capital Contributions – Government

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

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

	Balance April 1 2020	Contributions during year	Amortized to revenue	Balance March 31 2021
Government of Canada	174,511	-	(4,556)	169,955
Province of British Columbia	661,639	9,771	(31,485)	639,925
	836,150	9,771	(36,041)	809,880

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in \$000s)

9. Deferred Capital Contributions – Government (cont.)

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

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

10. Deferred Capital Contributions – Other

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

	Balance April 1 2020	Receipts during year	Amortized to revenue	Balance March 31 2021
Other contributions	8,092	-	(930)	7,162

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

11. Long-term Debt

	March 31 2022	March 31 2021
Province of British Columbia	128,972	131,983

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

Under the terms of the loan agreement, the repayable loan was non-interest bearing during the construction and start-up period. Commencing April 2, 2013, PavCo began repaying the loan by providing semi-annual blended payments of principal and interest. For fiscal year 2022, \$3.01 million was repaid on the loan with \$4.29 million paid in interest.

The parties negotiated a reduced interest rate from 4.89% to 3.29% effective November 1, 2015 until fiscal year 2049. The current repayment schedule reflects loan payments by PavCo of \$7.33 million for fiscal years 2022 through 2048 and \$3.7 million for fiscal year 2049.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

12. Tangible Capital Assets

	BC Place	Vancouver Convention Centre⁽¹⁾	March 31 2022	March 31 2021
Land	31,292	41,442	72,734	72,734
Buildings and improvements	342,638	526,446	869,084	897,935
Leasehold improvements		22,624	22,624	23,733
Equipment	2,316	2,971	5,287	6,804
Furniture and fixtures	7,864	656	8,520	9,798
Computer hardware/software	1,312	587	1,899	2,776
Total	385,422	594,726	980,148	1,013,780

(1) Includes Shared Services office assets

Included above as at March 31, 2022 is work-in-progress in the below tangible capital asset categories.

	BC Place	Vancouver Convention Centre	March 31 2022	March 2021
Buildings and improvements	2,914	2,266	5,180	6,236
Leasehold improvements	-	2,412	2,412	1,666
Equipment	10	516	526	1,153
Furniture and fixtures	-	223	223	26
Computer hardware/software	65	241	306	201
Work-in-Progress	2,989	5,658	8,647	9,282

Artwork

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

The Vancouver Convention Centre's comprehensive art program, which was produced as part of the west facility expansion, includes various paintings, sculptures, First Nations pieces, and other items. The historical cost of these art pieces at March 31, 2022 is \$6.2 million (\$6.2 million at March 31, 2021).

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

12. Tangible Capital Assets (cont.)

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

B.C. Pavilion Corporation**Notes to the Financial Statements****For the year ended March 31, 2022 (tabular amounts in \$000s)****12. Tangible Capital Assets (cont.)**

	Land	Buildings and improvements	Leasehold improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2021
Cost:								
Opening balance	72,734	1,298,450	47,058	71,666	34,995	25	6,316	1,531,244
Additions	-	4,715	1,565	1,995	65	-	1,560	9,900
Disposals and adjustments	-	(106)	106	(77)	(2)	-	-	(79)
Closing balance	72,734	1,303,059	48,729	73,584	35,058	25	7,876	1,541,065
Accumulated amortization:								
Opening balance	-	(370,030)	(22,660)	(63,701)	(23,383)	(25)	(3,865)	(483,664)
Amortization expense	-	(35,094)	(2,336)	(3,156)	(1,879)	-	(1,235)	(43,700)
Effect of disposals and adjustments	0	0	0	77	2	0	0	79
Closing balance	-	(405,124)	(24,996)	(66,780)	(25,260)	(25)	(5,100)	(527,285)
Net book value	72,734	897,935	23,733	6,804	9,798	0	2,776	1,013,780

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2022 (tabular amounts in \$000s)

13. Contingencies and Contractual Obligations

a) *Contingent liabilities*

- i) Environmental - PavCo remains liable for environmental and reclamation obligations for known hazards that may exist at its facilities and has recognized soil remediation costs in the financial statements. As at March 31, 2022, management is not aware of any additional existing environmental problems related to its facilities that may result in material liability to the Corporation.

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

b) *Contractual obligations*

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

Fiscal 2023	2,461
Fiscal 2024	2,325
Fiscal 2025	1,497
Fiscal 2026	254
Fiscal 2027 and beyond	254

- ii) Capital projects - at March 31, 2022, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining capital obligations as follows:

Fiscal 2023	212
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B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

14. Expenses by Object

The following summarizes expenses by object:

	2022	2022	2021
	Budget	Actual	Actual
Event direct costs	15,065	9,972	2,548
Salaries, wages and benefits	21,923	20,668	16,046
Operating expenses	12,806	10,845	8,956
General and administration	4,996	5,079	5,424
Business development	649	295	143
Professional consulting fees	1,996	1,635	1,307
Interest on long-term debt	4,294	4,294	4,392
Amortization	42,430	43,843	43,700
	104,159	96,631	82,516

15. Employee Pension Plan

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

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2020, indicated a funding surplus of \$2.67 billion for basic pension benefits. The next valuation will be as at March 31, 2023.

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

Contributions to the plan by PavCo for fiscal 2022 were \$1.509 million (2021 - \$1.216 million).

16. Related Party Transactions

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

17. Budgeted Figures

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2021/22 – 2022/23 Annual Service Plan which was approved by PavCo's Board of Directors on February 16, 2021.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

18. Financial Instruments

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

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

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

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

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

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

Within one year - \$3.1 million
One to five years - \$17.17 million
Over five years - \$108.7.million

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

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

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

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

If PavCo had recorded deferred capital contributions under PSAS rather than the accounting policy described under note 2, deferred capital contributions recognized as revenue for the year ended March 31, 2022 would have increased by \$9.994 million (2021 - increased by \$9.771 million) and the annual operating deficit would have decreased by \$9.994 million (2021 - decreased by \$9.771 million).

As at March 31, 2022, deferred capital contributions used to purchase tangible capital assets would have decreased by \$789.8 million (2021 - decreased by \$817.0 million) and the accumulated surplus would have increased by \$789.8 million (2021 - increased by \$817.0 million).

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

20. Segmented Information

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

	<i>BC Place⁽¹⁾</i>		<i>Vancouver Convention Centre^{(1) (2)}</i>		<i>Total</i>	
	2022	2021	2022	2021	2022	2021
Revenues						
Event revenues	5,065	787	14,383	3,631	19,448	4,418
Lease revenues	3,039	15	3,169	2,768	6,208	2,783
Miscellaneous revenues ⁽³⁾	2,382	1,145	178	167	2,560	1,312
Operating contributions - government	17,201	18,132	15,834	19,030	33,035	37,162
Deferred contributions - government	15,749	16,020	20,487	20,021	36,326	36,041
Deferred contributions - other	739	640	277	290	1,016	930
Interest revenue	69	52	75	53	144	105
	44,244	36,791	54,403	45,960	98,647	82,751
Expenses						
Event direct costs	2,859	252	7,113	2,296	9,972	2,548
Salaries, wages and benefits	8,649	6,565	12,019	9,481	20,668	16,046
Operating expenses	2,679	1,674	8,166	7,282	10,845	8,956
General and administration	2,428	3,055	2,651	2,369	5,079	5,424
Business development	125	28	170	115	295	143
Professional consulting fees	1,073	766	562	541	1,635	1,307
Interest on long-term debt	4,294	4,392	-	-	4,294	4,392
Amortization	22,924	23,142	20,919	20,558	43,843	43,700
	45,031	39,874	51,600	42,642	96,631	82,516
(Deficit) surplus for the year	(787)	(3,083)	2,803	3,318	2,016	235

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

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

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

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

20. Segmented Information (cont.)

BC Place	Land	Buildings & Improvements	Equipment	Furniture & Fixtures	Computer Hardware & Software	2022	2021
Cost:							
Opening balance	31,292	566,937	54,207	24,388	4,148	680,972	675,707
Additions		4,713	97	10	229	5,049	5,344
Disposals and adjustments		(1,318)	(1,089)		(271)	(2,678)	(79)
Closing balance	31,292	570,332	53,215	24,398	4,106	683,343	680,972
Accumulated amortization:							
Opening balance		(209,908)	(50,365)	(15,206)	(2,196)	(277,675)	(254,612)
Amortization expense		(19,113)	(1,614)	(1,328)	(869)	(22,924)	(23,142)
Effect of disposals & adjustments		1,327	1,080		271	2,678	79
Closing balance		(227,694)	(50,899)	(16,534)	(2,794)	(297,921)	(277,675)
Net book value – March 31		342,638	2,316	7,864	1,312	385,422	403,297

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2022 (tabular amounts in \$000s)

20. Segmented Information (cont.)

Vancouver Convention Centre	Land	Buildings & Improvements	Leasehold Improvements	Equipment	Furniture & Fixtures	Vehicles	Computer Hardware & Software	2022	2021
Cost:									
Opening balance	41,442	736,122	48,729	19,377	10,670	25	3,728	860,093	855,537
Additions		2,485	1,500	728	239		211	5,163	4,556
Disposals and adjustments		(89)		18	67		(1,425)	(1,429)	-
Closing balance	41,442	738,518	50,229	20,123	10,976	25	2,514	863,827	860,093
Accumulated amortization:									
Opening balance		(195,216)	(24,996)	(16,415)	(10,054)	(25)	(2,904)	(249,610)	(229,052)
Amortization expense		(16,856)	(2,609)	(737)	(266)		(451)	(20,919)	(20,558)
Disposal							1,428	1,428	-
Closing balance		(212,072)	(27,605)	(17,152)	(10,320)	(25)	(1,927)	(269,101)	(249,610)
Net book value - March 31	41,442	526,446	22,624	2,971	656	-	587	594,726	610,483

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.