

B.C. Pavilion Corporation

2020/21 Annual Service Plan Report



For more information on the B.C. Pavilion Corporation contact:

B.C. Pavilion Corporation
#200 - 999 Canada Place
Vancouver, B.C. V6C 3C1
Tel: (604) 482-2200
Fax: (604) 681-9017
Email: info@bcpavco.com
Web: www.bcpavco.com

BC Place
777 Pacific Boulevard
Vancouver, B.C. V6B 4Y8
Tel: (604) 669-2300
Fax: (604) 661-3412
Web: www.bcplace.com

Vancouver Convention Centre
1055 Canada Place
Vancouver, B.C. V6C 0C3
Tel: (604) 689-8232
Fax: (604) 647-7232
Web: www.vancouverconventioncentre.com

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Board Chair's Accountability Statement



The *B.C. Pavilion Corporation 2020/21 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2020/21 – 2022/23 Service Plan* created in February 2020. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'I. Aikenhead', written in a cursive style.

Ian Aikenhead, Q.C.
Board Chair
June 4, 2021

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Letter from the Board Chair & CEO

We are pleased to present B.C. Pavilion Corporation's (PavCo) Annual Service Plan Report for the 2020/2021 fiscal year. As a Crown corporation, PavCo's primary mandate is to create significant economic and community benefit 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 work closely with government, industry stakeholders, clients, suppliers and members of the community makes this possible.

Fiscal year 2020/21 was an unprecedented year due to the COVID-19 pandemic and related restrictions on travel and gatherings that have had a devastating impact on the tourism and events sectors. As stewards of B.C.'s largest public gathering spaces, PavCo's business has been significantly impacted and will continue to be until the sector recovers.

Despite not hosting major events as a result of the pandemic and related Public Health Orders, PavCo's facilities – the Vancouver Convention Centre and BC Place Stadium – have remained open and operating this past year, hosting a range of modified activities that are appropriate under relevant health and safety guidelines.

At the Convention Centre, this included playing a critical role in supporting the Province's response to COVID-19. In April 2020, we collaborated with Vancouver Coastal Health and other key partners to establish an Alternative Care Site in the Convention Centre's West building. Since Fall 2020, we have hosted Provincial Health Services Authority's and BC Centre Disease Control's COVID-19 Rapid Response Team for contact tracing, relaying test results and test-processing. Additionally, as a Community Partner of B.C.'s Immunization Plan, a vaccination clinic has been operational in the East building since March 2021.

In addition to these critical health operations, the Convention Centre has hosted professional industry exams, film and television shoots, as well as Imagine Van Gogh, the Original Immersive Exhibition, a contactless experience featuring projected artwork.

BC Place Stadium also worked closely with its clients and partners to explore a diverse range of creative opportunities designed to support the safe resumption of business and community activity. BC Place Stadium hosted several modified activities including a polling station for B.C.'s Provincial General Election, three closed-door Whitecaps FC MLS matches, the ground-breaking CONTACT Winter Music Festival broadcast, multiple film and television shoots and many other community-based activities. BC Place Stadium also provided support to the BC Sports Hall of Fame to ensure the facility could remain open to the public during the pandemic.

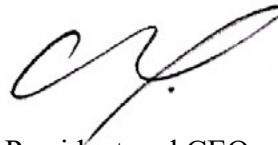
With our facilities positioned to support B.C.'s COVID-19 response, PavCo's facilities continue to deliver significant community benefit and value for the province of B.C. We remain highly vested in B.C.'s Restart Plan and B.C.'s Economic Recovery Plan, StrongerBC, and will continue to work closely with clients, partners and stakeholders to find opportunities and solutions that support the safe, recovery of business, the tourism industry and B.C.'s economy.

Ian Aikenhead, Q.C.



Board Chair,
B.C. Pavilion Corporation
June 4, 2021

Ken Cretney



President and CEO,
B.C. Pavilion Corporation
June 4, 2021

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 benefit 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. 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 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 2017, and expanded upon in the Board Chair's [2020 Mandate Letter](#) from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the 2020/21 B.C. Pavilion Corporation [Service Plan](#) and actual results reported on in this annual report.

The global COVID-19 pandemic resulted in many shifts in priorities, structures and operations across the public sector. Any changes to B.C. Pavilion Corporation goals, objectives, performance measures or financial plan to align with the strategic direction established by Government in late 2020 are presented in the 2021/22 Service Plan.

Operating Environment

The COVID-19 pandemic has presented several significant challenges for PavCo's business, including restrictions on mass gatherings and measures to limit international travel. BC Place and the Convention Centre have not hosted any major events since mid-March 2020, when B.C.'s Provincial Health Officer introduced an order prohibiting gatherings of more than 50 people and subsequent orders prohibiting all events.

Globally, the entire events and meetings industry has been severely disrupted. Over the past year, PavCo has been an active member in an important dialogue on the successful recovery of the events and meetings industry. Management and team members have been actively engaged with industry partners and key stakeholders regionally, nationally, and internationally to contribute to best practices and solutions towards recovery, and to learn from other destinations and venues.

As part of the [British Columbia Pandemic Provincial Coordination Plan](#) (updated February 2020), BC Place and the Vancouver Convention Centre were identified as provincial assets for potential redeployment as relief centres. The Convention Centre was repositioned over the past year supporting a number of health operations as part of B.C.'s pandemic response.

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 the conventions/meeting industry as well as within the live sports/entertainment industry. PavCo continually strives to generate economic benefit for the Province of B.C. while minimizing operating costs.

Objective 1.1: Improved attendance and economic benefits to the Province

PavCo strives to maximize the positive economic impact it brings to the Province each year and to minimize its reliance on Government funding. This is achieved by balancing competitiveness within the marketplace while managing the ongoing costs of operating two world-class facilities.

Key Highlights

- Executed sales and marketing initiatives, such as increased collaboration with partners and leveraging relationships with decision makers, to attract events that optimized economic benefit for B.C. as allowed by public health guidelines. This included diversifying the type of events in PavCo's facilities to focus on business activities such as film and television, as well as industry exams, and activations to support the Province's pandemic response.
- Pursued business development in regional and international markets for long-term revenue growth and to generate economic benefit.
- Determined ways to reduce operating costs, leverage shared services and become more efficient.

Performance Measures	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target ⁵	2022/23 Target ⁵
Total Economic Impact, in millions (M)					
1.1a Economic impact at Vancouver Convention Centre from all spending from outside Metro Vancouver ¹	\$360 M	\$351 M	\$22 M	\$324 M	\$317 M
1.1b Economic impact at BC Place from all spending ¹	\$117 M	\$100 M	\$1.673 M	\$100 M	\$100 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	\$325 M	\$306 M	\$18 M	\$300 M	\$278 M
1.1d Economic impact at BC Place from spending by visitors from outside British Columbia ¹	\$23 M	\$22 M	\$0.512 M	\$22 M	\$22 M
1.1e Delegate days to Vancouver Convention Centre by visitors from outside British Columbia ²	0.501 M	0.479 M	28,000	0.467 M	0.427 M
1.1f Delegate days for all visitors outside Metro Vancouver to Vancouver Convention Centre ²	591,000	0.597 M	37,000	0.534 M	0.531 M
1.1g Total attendance at BC Place events ³	841,789	1.000 M	0.004 M	1.000 M	0.928 M
1.1h Operating deficit (surplus) target, before Government sustaining contributions ⁴	\$16.255 M	\$15.086 M	\$36.927 M	\$15.560 M	\$1.611 M

Data Sources:

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 2021/22 and future years are based on calculated estimates by PavCo management.

² Delegate days for attendees at Vancouver Convention Centre for fiscal 2020/21 were actual days recorded in PavCo's event management system. Target delegate days for fiscal 2021/22 and 2022/23 are 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: 2019/20 (\$4.960M), 2020/21 (\$25.806M), 2021/22 (\$4.502M Target) and 2022/23 (\$5.673M Target).

⁵ Target results for the Fiscal Year 2021/22 and 2022/23 represent targets as established in the 2020/21 – 2022/23 Service Plan. These targets were updated in the [2021/22 - 2023/24 Service Plan](#).

Discussion of Results

Due to the challenges presented by the COVID-19 pandemic, PavCo was unable to meet its economic impact, attendance and operating deficit targets for 2020/21.

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 and therefore, was unable to generate the related economic impact from these delegates.

In order to adapt and generate revenues outside of its core business, the Convention Centre leveraged its history hosting events of all shapes and sizes including banquets, TV and film shoots, cultural and community events and smaller-scale meetings and created opportunities for these types of events to take place until a more appropriate time where larger meetings and events can resume. Some examples of business activity hosted under Phase 3 of B.C.'s Restart Plan included a range of TV and film shoots, professional exams for numerous industries, and Imagine Van Gogh: the Original Immersive Exhibition, a contactless experience, with measures such as limited capacity and timed entries.

Economic benefit continued to be generated for the Province based on these allowable business and operating activities. In 2020/21, the economic impact generated by the Convention Centre was \$22 million, significantly lower than the previous years' economic impact of over \$300 million, which is typically generated for the Convention Centre.

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.

BC Place Stadium

BC Place was also directly impacted by the COVID-19 pandemic. In accordance with public health orders, all spectator events scheduled at BC Place in 2021/22 were cancelled or postponed. This resulted in a limited economic impact of \$1.673 million, a significant decrease in economic benefit and attendees against the fiscal year targets.

In order to adapt, BC Place worked with its clients to explore a range of creative opportunities designed to support the safe resumption of business activities within public health guidelines. With support from government, industry leaders, health professionals, and key stakeholders, BC Place hosted several modified activities including three closed-door Whitecaps FC matches, a polling station for B.C.'s Provincial General Election, multiple film and television productions, the virtual CONTACT Winter Music Festival broadcast, and several other activations.

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	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
2.1a Service Quality – Loyalty Index, Convention Centre ¹	9.3/10	Maintain or Improve	9.4/10	Maintain or Improve	Maintain or Improve
2.1b Client Satisfaction, BC Place ²	4.6/5	Maintain or Improve	4.9/5	Maintain or Improve	Maintain or Improve
2.1c Guest Satisfaction, BC Place ³	4.3/5	Maintain or Improve	Postponed	Maintain or Improve	Maintain or Improve

Data Sources:

¹ Client 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.

² Comprehensive 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. Year-over-year variability is anticipated due to the limited sample sizes available for the survey. Scores are from a total out of 5.

³ Guest 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 2020/21, this survey was not undertaken and has been postponed to the following year. Scores are from 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.

During 2020/21, PavCo exceeded the targets for Service Quality – Loyalty Index at the Convention Centre, as well as Client Satisfaction at BC Place.

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.

In 2020/21, 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 2020/21 the survey data was completed by Elections officials and film and television 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.

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

- Maintained industry-leading policies, practices, and technology infrastructure to continue to improve service delivery including adaption of cloud-based software to optimize remote working environments where possible.
- Designed and implemented succession planning, talent management, leadership development, and performance management systems.
- Ensured the labour relations climate at BC Place remains respectful, fair and is always being refined.

Performance Measures	2019/20 Actuals	2020/21 Target	2020/21 Actuals	2021/22 Target	2022/23 Target
3.1a Employee Engagement - Score on Employee Surveys, PavCo ¹	69%	Maintain or improve	Postponed	Maintain or improve	Maintain or improve
3.1b Employee Engagement - Score on Employee Surveys, BC Place ²	59%	Maintain or improve	Postponed	Maintain or improve	Maintain or improve
3.1c Employee Engagement - Score on Employee Surveys, Convention Centre ³	76%	Maintain or improve	Postponed	Maintain or improve	Maintain or improve

Data Sources:

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.

¹ Includes all full-time and part-time PavCo employees at BC Place, the Vancouver Convention Centre and PavCo Head Office.

² Includes all full-time and part-time PavCo employees at BC Place, including event staff.

³ Includes all full-time and part-time PavCo employees at the Vancouver Convention Centre.

⁴ As a result of the reduced workforce and as a cost saving initiative, employee engagement surveys were postponed during the Fiscal Year 2020/21. This survey is expected to resume in Fiscal Year 2021/22.

Discussion of Results

In 2020/21, PavCo's workforce was severely impacted due to COVID-19 as the cancellation and postponement of events resulted in temporary changes to its staffing levels throughout the year. PavCo focused on strategies to retain employment continuity as much as possible and support team members by leveraging reduced hours, temporary layoffs through variance extensions and the federal Work Share Program.

Given these workforce impacts, the organization decided to pause its annual engagement survey and instead focus on implementing several different approaches throughout the year to enhance ongoing communications and connectivity with its workforce. These approaches included increased leader one-on-one meetings, weekly check-ins with staff, town hall meetings, CEO coffee chats, mini Pulse surveys and virtual social events.

Continued focus has been placed on supporting wellness through the introduction of work from home tools, ongoing wellness training offerings for all team members related to mental health, stress, building resilience, anxiety and numerous other topics.

Despite the challenging circumstances and impact to the organization and industry, PavCo has been successful in retaining 92 per cent of our permanent full time and part-time employees to date. As a comparable, PavCo retained 88 per cent of permanent full time and part-time staff in fiscal year 2019/20.

Financial Report

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

Discussion of Results

Overall financial results for fiscal year 2020/21 were severely impacted by the pandemic and the resulting Provincial Health Orders restricting gatherings and travel. A net income surplus of \$0.235 million was created as a result of an additional sustaining contribution of \$30.161 million from the Province of British Columbia. Had this additional funding not been received, PavCo's net loss would have been \$29.926 million.

Total revenues of \$8.618 million were lower than budget by \$71.726 million. Revenues were generated primarily from hosting small meetings and events, exams, filming, and through several health care activations to support the Province's pandemic response and recovery plans.

A cost mitigation program was established in order to manage the impacts of reduced revenues. Actual total expenses of \$82.516 million were 37.6 per cent less than budget, and the majority of costs incurred were related to facility maintenance and operations, future sales efforts, limited event operations and back office functions such as HR, payroll, finance and IT.

At BC Place, all major events were cancelled and revenue generation was limited to areas such as filming, service recoveries, rentals and smaller ancillary revenues totaling \$1.952 million for the fiscal year against projected revenues of \$18.500 million. Total non-event related operating expenses of \$11.050 million was a savings of \$4.603 million to budget, resulting from reduced spending in areas such as staffing, utilities, maintenance and other operating costs.

For the Vancouver Convention Centre, total event related revenues of \$6.572 million were lower than projected revenues by 89 per cent or \$55.093 million. These revenues were generated by working within the limited PHO guidelines for operating and hosting safe events, as well as supporting various health care activations. Total operations related expenses of \$18.751 million were lower than budget by \$8.586 million or 31.4 per cent as a result of savings in areas such as staffing, facility and operations spending.

In accordance with the terms of the loan agreement with the Province of British Columbia, PavCo incurred interest charges of \$4.392 million compared to \$4.488 million in 2019/20.

Reflecting prior significant capital investment in PavCo's facilities, amortization of capital assets accounted for \$43.700 million, slightly higher than the prior year's amortization amount. Capital expenditures amounted to \$9.900 million, representing a broad range of items such major and routine capital asset upgrades, efficiency improvements and critical safety projects. PavCo's ability to complete its capital projects during the fiscal year was impacted by the pandemic as supplies and contractors were impacted by restrictions on travel.

Financial Summary

(\$ millions)	2019/20 Actual	2020/21 Budget	2020/21 Actual	2020/21 Variance
Revenue				
Sales	77.154	77.090	7.201	(69.889)
Other Revenues	3.119	3.254	1.417	(1.837)
Revenue from Operations	80.273	80.344	8.618	(71.726)
Sustaining Contributions	9.255	7.001	37.162	30.161
Deferred Contributions	36.305	36.805	36.971	0.166
Total Revenue	125.833	124.150	82.751	(41.399)
Expenses				
Cost of Sales	39.530	37.849	2.548	(35.301)
Staff	23.446	24.243	16.046	(8.197)
Operating	13.984	14.277	8.956	(5.321)
General and Administration	4.322	4.491	5.424	0.933
Business Development	0.837	1.062	0.143	(0.919)
Fees	3.114	2.299	1.307	(0.992)
Loan Interest	4.488	4.392	4.392	0.000
Capital Asset Amortization	43.112	43.622	43.700	0.078
Total Expenses	132.833	132.235	82.516	(49.719)
Net Income	(7.000)	(8.085)	0.235	8.320
Total Debt	134.898	131.983	131.983	-
Capital Expenditures	8.920	10.000	9.900	(0.100)
Accumulated Surplus	47.024	38.805	47.259	8.454

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

Note 2: The Fiscal Year 2020/21 Budget was developed pre pandemic as presented in our [2020/21-2022/23 Service Plan](#)

Variance and Trend Analysis

Financial results for fiscal year 2020/21 reflect the severe 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. To support PavCo's operations, the Province of British Columbia provided an additional sustaining contribution of \$30.161 million. In response to the lower level of business activities, cost mitigation measures were enacted throughout the year resulting in reduced total expenses of \$82.516 million against a budget of \$132.235 million.

Over the past year, PavCo has been 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 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.

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 Tourism 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

BC PAVILION CORPORATION

#200 - 999 Canada Place
Vancouver, B.C. V6C 3C1
Tel: (604) 482-2200
Fax: (604) 681-9017
Email: info@bcpavco.com
Web: www.bcpavco.com

BC PLACE

777 Pacific Boulevard
Vancouver, B.C. V6B 4Y8
Tel: (604) 669-2300
Fax: (604) 661-3412
Web: www.bcplace.com

VANCOUVER CONVENTION CENTRE

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Vancouver, B.C. V6C 0C3
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Appendix B: Subsidiaries and Operating Segments

Vancouver Convention Centre

Financial Summary

(\$ millions)	2019/20 Actual	2020/21 Budget	2020/21 Actual
Revenue			
Sales	62.553	61.666	6.399
Other Revenues	0.681	0.090	0.220
Revenue from Operations	63.234	61.756	6.619
Sustaining Contributions	-	1.626	19.030
Deferred Contributions	20.044	19.860	20.311
Total Revenues	83.278	83.242	45.960
Expenses			
Cost of Sales	33.175	31.496	2.296
Staff	13.923	14.558	9.481
Operating	10.105	10.344	7.282
General and Administration	2.088	2.488	2.369
Business Development	0.524	0.597	0.115
Fees	1.000	1.015	0.541
Loan Interest	-	-	-
Capital Asset Amortization	20.334	20.196	20.558
Total Expenses	81.149	80.694	42.642
Net Income	2.129	2.548	3.318

BC Place

Financial Summary

(\$ millions)	2019/20 Actual	2020/21 Budget	2020/21 Actual
Revenue			
Sales	14.601	15.424	0.802
Other Revenues	2.438	3.164	1.197
Revenue from Operations	17.039	18.588	1.999
Sustaining Contributions	9.255	5.375	18.132
Deferred Contributions	16.261	16.945	16.660
Total Revenues	42.555	40.908	36.791
Expenses			
Cost of Sales	6.355	6.353	0.252
Staff	9.523	9.685	6.565
Operating	3.879	3.933	1.674
General and Administration	2.234	2.003	3.055
Business Development	0.313	0.465	0.028
Fees	2.114	1.284	0.766
Loan Interest	4.488	4.392	4.392
Capital Asset Amortization	22.778	23.426	23.142
Total Expenses	51.684	51.541	39.874
Net Income	(9.129)	(10.633)	(3.083)

Appendix C: Auditor's Report and Audited Financial Statements

B.C. Pavilion Corporation

Financial Statements

Fiscal Year Ended March 31, 2021

Audited Financial Statements

March 31, 2021

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.



Ian Aikenhead, Q.C.
Chair – Board of Directors



Curt Walker, FCPA, FCMA
Chief Financial Officer

Vancouver, British Columbia
June 4, 2021



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements of B.C. Pavilion Corporation (the Corporation) as at March 31, 2021 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, 2021;
- the statement of operations and change in accumulated surplus for the year then ended;
- the statement of change in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Emphasis of matter – basis of accounting

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

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



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.

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 4, 2021

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

	<i>Note</i>	March 31 2021	March 31 2020
Financial Assets			
Cash and cash equivalents	4	18,882	16,935
Investments	4	412	408
Accounts receivable	5	4,551	10,876
Due from governments	6	6,673	6,215
		<u>30,518</u>	<u>34,434</u>
Liabilities			
Accounts payable and accrued liabilities	7	9,899	13,893
Due to governments	6	9,363	9,463
Employee leave liability		1,315	1,231
Deferred revenue	8	28,269	32,659
Deferred capital contributions – government	9	809,880	836,150
Deferred capital contributions – other	10	7,162	8,092
Long-term debt	11	131,983	134,898
		<u>997,871</u>	<u>1,036,386</u>
Net financial debt		<u>(967,353)</u>	<u>(1,001,952)</u>
Non-financial assets			
Tangible capital assets	12	1,013,780	1,047,580
Inventories held for use		145	155
Prepaid expenses		687	1,241
		<u>1,014,612</u>	<u>1,048,976</u>
Accumulated surplus		<u>47,259</u>	<u>47,024</u>
Contingencies and contractual obligations	13		

Approved on behalf of the board:



Ian Aikenhead, Q.C.
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-21		31-Mar-20
		Budget	Actual	Actual
		<i>(Note 17)</i>		
Revenues	20			
Event revenues		70,385	4,418	69,685
Lease revenues		6,705	2,783	6,638
Miscellaneous revenues		3,180	1,312	3,383
Operating contributions - government		7,001	37,162	9,255
Deferred capital contributions -government		35,940	36,041	35,375
Deferred capital contributions - other		865	930	930
Interest revenue		74	105	567
		<u>124,150</u>	<u>82,751</u>	<u>125,833</u>
Expenses	14,20			
BC Place Stadium		51,541	39,874	51,675
Vancouver Convention Centre		80,694	42,642	81,158
		<u>132,235</u>	<u>82,516</u>	<u>132,833</u>
Annual operating surplus (deficit)		<u>(8,085)</u>	<u>235</u>	<u>(7,000)</u>
Accumulated surplus, beginning of year		<u>47,024</u>	<u>47,024</u>	<u>54,024</u>
Accumulated surplus, end of year		<u><u>38,938</u></u>	<u><u>47,259</u></u>	<u><u>47,024</u></u>

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-21		31-Mar-20
	Budget	Actual	Actual
	<i>(Note 17)</i>		
Annual operating surplus (deficit)	(8,085)	235	(7,000)
Acquisition of tangible capital assets	(10,000)	(9,900)	(8,920)
Amortization of tangible capital assets	43,621	43,700	43,113
Loss on asset disposal			38
	25,537	34,035	27,231
Acquisition of prepaid expense		(5,259)	(3,863)
Use of prepaid expense		5,813	3,726
		554	(137)
Acquisition of inventory for use		(48)	(164)
Use of inventory		58	132
		10	(32)
Decrease in net financial debt	25,537	34,599	27,062
Net financial debt – beginning of year		(1,001,952)	(1,029,014)
Net financial debt – end of year		(967,353)	(1,001,952)

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
	2021	2020
Surplus (deficit) for the year	235	(7,000)
Changes in Non-cash Items Included in Surplus (Deficit):		
Amortization of tangible capital assets	43,700	43,113
Amortization of deferred capital contributions – government	(36,041)	(35,375)
Amortization of deferred capital contributions – other	(930)	(930)
Loss on disposal of asset	-	38
Changes in Non-Cash Working Capital Items:		
Accounts receivable	6,325	(247)
Due from governments	(458)	3,507
Due to governments	(100)	64
Accounts payable and accrued liabilities	(3,994)	(7,046)
Employee leave liability	84	109
Deferred revenue	(4,390)	(1,343)
Inventories held for use	10	(32)
Prepaid expenses	554	(137)
<i>Cash provided by or (used in) operating transactions</i>	<u>4,995</u>	<u>(5,279)</u>
Purchase of tangible capital assets	(9,900)	(8,920)
<i>Cash used in capital transactions</i>	<u>(9,900)</u>	<u>(8,920)</u>
Investing Transactions		
Investment	(412)	-
<i>Cash used in investing transactions</i>	<u>(412)</u>	<u>-</u>
Financing Transactions		
Deferred capital contributions – government	9,771	8,348
Deferred capital contributions – other	-	15
Repayment of long-term debt	(2,915)	(2,821)
<i>Cash provided by financing transactions</i>	<u>6,856</u>	<u>5,542</u>
Increase (decrease) in cash and cash equivalents	1,539	(8,657)
Cash and cash equivalents – beginning of year	17,343	26,000
Cash and cash equivalents – end of year	<u>18,882</u>	<u>17,343</u>
Cash and cash equivalents are made up of:		
Cash	18,882	16,935
Cash equivalents	-	408
	<u>18,882</u>	<u>17,343</u>

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2021 (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, 2021 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 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, 2021 (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	10 to 50 years, straight-line
Leasehold improvements	Over the shorter of the estimated useful life of the improvement or the term of the lease, straight-line
Equipment and other capital assets	1 to 10 years, straight-line
Furniture 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, 2021 (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. Funding received for other specific purposes is treated as deferred contributions and recognized in the period that the stipulation or restriction is 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, 2021 (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 2021	March 31 2020
Unrestricted cash	18,532	15,755
Restricted cash	350	1,180
	<u>18,882</u>	<u>16,935</u>
Investments	412	408

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. A portion of the deposit was refunded in Fiscal 202, with a further portion expected to be refunded in Fiscal 2022. 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 2021	March 31 2020
Trade	7,340	11,732
Other receivables	77	53
Subtotal	<u>7,417</u>	<u>11,785</u>
Less: provision for doubtful accounts	<u>(2,866)</u>	<u>(909)</u>
	<u>4,551</u>	<u>10,876</u>

6. Due to and from Governments

	March 31 2021	March 31 2020
Due from federal government	252	92
Due from provincial government	6,421	6,123
Total due from governments	<u>6,673</u>	<u>6,215</u>
Due to provincial government	9,363	9,463

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

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2021 (tabular amounts in \$000s)

7. Accounts Payable and Accrued Liabilities

	March 31 2021	March 31 2020
Trade accounts payable and accrued liabilities	7,561	11,620
Accrued interest on long-term debt	2,173	2,221
Builder's lien and other holdbacks	165	52
	9,899	13,893

8. Deferred Revenue

	March 31 2021	March 31 2020
Unearned lease revenues	21,912	23,661
Unearned event revenue and deposits	6,357	8,998
	28,269	32,659

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 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

	Balance April 1 2019	Contributions during year	Amortized to revenue	Balance March 31 2020
Government of Canada	179,067	-	(4,556)	174,511
Province of British Columbia	684,110	8,348	(30,819)	661,639
	863,177	8,348	(35,375)	836,150

B.C. Pavilion Corporation

Notes to the Financial Statements

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

	Balance April 1 2019	Receipts during year	Amortized to revenue	Balance March 31 2020
Other contributions	9,006	16	(930)	8,092

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 2021	March 31 2020
Province of British Columbia	131,983	134,898

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 2021, \$2.82 million was repaid on the loan with \$4.66 million paid in interest.

The parties negotiated a reduced interest rate from 4.89% to 3.29% effective November 1, 2015 until fiscal 2049. The current repayment schedule reflects loan payments by PavCo of \$7.3 million for fiscal years 2021 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, 2021 (tabular amounts in \$000s)

12. Tangible Capital Assets

	BC Place	Vancouver Convention Centre ⁽¹⁾	March 31 2021	March 31 2020
Land	31,292	41,442	72,734	72,734
Buildings and improvements	357,029	540,906	897,935	928,420
Leasehold improvements	0	23,733	23,733	24,398
Equipment	3,842	2,962	6,804	7,965
Furniture and fixtures	9,182	616	9,798	11,612
Computer hardware/software	1,952	824	2,776	2,451
Total	403,297	610,483	1,013,780	1,047,580

(1) Includes Shared Services office assets

Included above as at March 31, 2021 is work-in-progress in the below tangible capital asset categories.

	BC Place	Vancouver Convention Centre	March 31 2021	March 2020
Buildings and improvements	5,271	965	6,236	3,101
Leasehold improvements	-	1,666	1,666	792
Equipment	8	1,145	1,153	749
Furniture and fixtures	-	26	26	17
Computer hardware/software	122	79	201	304
Work-in-Progress	5,401	3,881	9,282	4,963

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, 2021 is \$6.2 million (\$6.2 million at March 31, 2020).

As part of the BC Place revitalization project, PavCo developed and re-constructed Terry Fox plaza to showcase the new Terry Fox memorial sculptures. The historical cost for the Terry Fox memorial sculptures is \$0.6 million (\$0.6 million at March 31, 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, 2021 (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, 2021 (tabular amounts in \$000s)****12. Tangible Capital Assets (cont.)**

	Land	Buildings and improvements	Leasehold improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2020
Cost:								
Opening balance	72,734	1,295,008	45,922	69,262	34,655	25	5,095	1,522,701
Additions	-	3,699	994	2,695	290	-	1,242	8,920
Disposals and adjustments	-	(257)	142	(291)	50	-	(21)	(377)
Closing balance	72,734	1,298,450	47,058	71,666	34,995	25	6,316	1,531,244
Accumulated amortization:								
Opening balance	-	(335,116)	(20,428)	(60,720)	(21,526)	(25)	(3,075)	(440,890)
Amortization expense	-	(34,939)	(2,232)	(3,268)	(1,858)	-	(816)	(43,113)
Effect of disposals and adjustments	-	25		287	1		26	339
Closing balance	-	(370,030)	(22,660)	(63,701)	(23,383)	(25)	(3,865)	(483,664)
Net book value	72,734	928,420	24,398	7,965	11,612	-	2,451	1,047,580

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2021 (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, 2021, 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 - the Corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2024. These represent total commitments as follows:

Fiscal 2022	2,148
Fiscal 2023	2,124
Fiscal 2024	2,112
Fiscal 2025	1,311
Fiscal 2026 and beyond	105

- ii) Capital projects - at March 31, 2021, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining capital obligations as follows:

Fiscal 2022	758
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During fiscal year 2018, PavCo entered into a 70-year land lease agreement with a third party for lands on the west side of BC Place. Lease revenues related to this lease are recognized annually within the statement of operations. As part of this lease, an \$8.5 million accommodations agreement with a First Nation was reached, payable over three years starting in fiscal year 2018. The full value of the agreement was expensed during fiscal year 2018 and fully paid in fiscal 2020.

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2021 (tabular amounts in \$000s)

14. Expenses by Object

The following summarizes expenses by object:

	2021	2021	2020
	Budget	Actual	Actual
Event direct costs	37,794	2,548	39,530
Salaries, wages and benefits	24,161	16,046	23,324
Operating expenses	14,478	8,956	13,983
General and administration	4,497	5,424	4,856
Business development	1,022	143	837
Professional consulting fees	2,269	1,307	2,702
Interest on long-term debt	4,392	4,392	4,488
Amortization	43,622	43,700	43,113
	132,235	82,516	132,833

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 2021 were \$1.216 million (2020 - \$1.797 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 2020/21 – 2022/23 Annual Service Plan which was approved by PavCo's Board of Directors on January 20, 2020.

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2021 (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 - \$3.0 million
One to five years - \$16.6 million
Over five years - \$112.4 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, 2021 (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, 2021 would have increased by \$9.771 million (2020 - increased by \$8.36 million) and the annual operating deficit would have decreased by \$9.771 million (2020 - decreased by \$8.36 million).

As at March 31, 2021, deferred capital contributions used to purchase tangible capital assets would have decreased by \$817.0 million (2020 - decreased by \$844.2 million) and the accumulated surplus would have increased by \$817.0 million (2020 - increased by \$844.2 million).

B.C. Pavilion Corporation

Notes to the Financial Statements

For the year ended March 31, 2021 (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>	
	2021	2020	2021	2020	2021	2020
Revenues						
Event revenues	787	10,746	3,631	58,939	4,418	69,685
Lease revenues	15	3,024	2,768	3,614	2,783	6,638
Miscellaneous revenues ⁽³⁾	1,145	2,908	167	475	1,312	3,383
Operating contributions - government	18,132	9,255	19,030	-	37,162	9,255
Deferred contributions - government	16,020	15,621	20,021	19,754	36,041	35,375
Deferred contributions - other	640	640	290	290	930	930
Interest revenue	52	361	53	206	105	567
	36,791	42,555	45,960	83,278	82,751	125,833
Expenses						
Event direct costs	252	6,354	2,296	33,176	2,548	39,530
Salaries, wages and benefits	6,565	9,512	9,481	13,812	16,046	23,324
Operating expenses	1,674	3,869	7,282	10,114	8,956	13,983
General and administration	3,055	2,560	2,369	2,296	5,424	4,856
Business development	28	313	115	524	143	837
Professional consulting fees	766	1,800	541	902	1,307	2,702
Interest on long-term debt	4,392	4,488	-	-	4,392	4,488
Amortization	23,142	22,779	20,558	20,334	43,700	43,113
	39,874	51,675	42,642	81,158	82,516	132,833
(Deficit) surplus for the year	(3,083)	(9,120)	3,318	2,120	235	(7,000)

(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, 2021 (tabular amounts in \$000s)****20. Segmented Information (cont.)**

BC Place	Land	Buildings & Improvements	Equipment	Furniture & Fixtures	Computer Hardware & Software	2021	2020
Cost:							
Opening balance	31,292	563,512	53,666	24,379	2,858	675,707	671,485
Additions	-	3,425	618	11	1,290	5,344	4,473
Disposals and adjustments	-	-	(77)	(2)	-	(79)	(251)
Closing balance	31,292	566,937	54,207	24,388	4,148	680,972	675,707
Accumulated amortization:							
Opening balance	-	(191,580)	(47,968)	(13,595)	(1,469)	(254,612)	(232,085)
Amortization expense	-	(18,328)	(2,474)	(1,613)	(727)	(23,142)	(22,779)
Effect of disposals & adjustments	-	-	77	2	-	79	252
Closing balance	-	(209,908)	(50,365)	(15,206)	(2,196)	(277,675)	(254,612)
Net book value – March 31	31,292	357,029	3,842	9,182	1,952	403,297	421,095

B.C. Pavilion Corporation
Notes to the Financial Statements
For the year ended March 31, 2021 (tabular amounts in \$000s)

20. Segmented Information (cont.)

Vancouver Convention Centre	Land	Buildings & Improvements	Leasehold Improvements	Equipment	Furniture & Fixtures	Vehicles	Computer Hardware & Software	2021	2020
Cost:									
Opening balance	41,442	734,938	47,058	18,000	10,616	25	3,458	855,537	851,216
Additions	-	1,290	1,565	1,377	54	-	270	4,556	4,447
Disposals and adjustments		(106)	106	-	-	-		-	(126)
Closing balance	41,442	736,122	48,729	19,377	10,670	25	3,728	860,093	855,537
Accumulated amortization:									
Opening balance	-	(178,450)	(22,660)	(15,733)	(9,788)	(25)	(2,396)	(229,052)	(208,805)
Amortization expense	-	(16,766)	(2,336)	(682)	(266)	-	(508)	(20,558)	(20,334)
Disposal	-	-	-	-	-	-		-	87
Closing balance	-	(195,216)	(24,996)	(16,415)	(10,054)	(25)	(2,904)	(249,610)	(229,052)
Net book value - March 31	41,442	540,906	23,733	2,962	616	-	824	610,483	626,485

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.