

Financial Statements  
[Expressed in Canadian dollars]

**2010 Games Operating Trust**  
December 31, 2011

## INDEPENDENT AUDITORS' REPORT

To the Trustee of the  
**2010 Games Operating Trust**

We have audited the accompanying financial statements of the **2010 Games Operating Trust**, which comprise the statement of financial position as at December 31, 2011 and 2010, and January 1, 2010, and the statements of activities and changes in fund balances and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

### **Auditors' responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **2010 Games Operating Trust** as at December 31, 2011 and 2010, and January 1, 2010, and the results of its operations and its cash flows for the years ended December 31, 2011 and 2010 in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, Canada,  
April 16, 2012.

*Ernst & Young LLP*

Chartered Accountants

## 2010 Games Operating Trust

### STATEMENT OF FINANCIAL POSITION

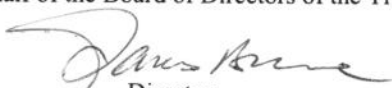
[Expressed in Canadian dollars]

As at December 31

	2011	2010	As at January 1, 2010
	\$	\$	\$
<b>ASSETS</b>			
Cash and cash equivalents	2,477,274	1,280,893	892,877
Dividends and interest receivable	77,223	63,783	94,962
Other assets	—	10,794	10,187
Investments <i>[note 3]</i>	107,574,590	113,382,165	108,040,216
<b>Total assets</b>	<b>110,129,087</b>	<b>114,737,635</b>	<b>109,038,242</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Due to 2010 Games Operating Trust Society <i>[note 4]</i>	64,069	87,048	74,335
Distributions payable <i>[note 6]</i>	5,561,325	5,430,880	4,501,689
<b>Total liabilities</b>	<b>5,625,394</b>	<b>5,517,928</b>	<b>4,576,024</b>
<b>Fund balances <i>[note 7]</i></b>			
Speed Skating Oval Fund	40,359,549	42,191,867	40,403,111
Whistler Sliding Centre and Nordic Centre Fund	40,268,525	42,094,584	40,278,290
Contingency Fund	23,875,619	24,933,256	23,780,817
Amateur Sport Legacy Fund	—	—	—
<b>Total fund balances</b>	<b>104,503,693</b>	<b>109,219,707</b>	<b>104,462,218</b>
<b>Total liabilities and fund balances</b>	<b>110,129,087</b>	<b>114,737,635</b>	<b>109,038,242</b>

See accompanying notes

On behalf of the Board of Directors of the Trustee:

  
Director

  
Director

## 2010 Games Operating Trust

### STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCES

[Expressed in Canadian dollars]

Year ended December 31

	2011	2010
	\$	\$
<b>REVENUES</b>		
Investment income		
Interest and dividends	3,914,987	3,637,187
Gains (losses) on sale of investments	(1,179,823)	2,448,367
Unrealized gains (losses) on fair value of held- for-trading investments	(1,477,753)	4,496,344
Other income <i>[note 2]</i>	74,674	64,259
<b>Total revenues</b>	<b>1,332,085</b>	<b>10,646,157</b>
<b>EXPENSES</b> <i>[note 4]</i>		
Legal	32,441	19,103
Investment advisory	49,845	34,663
Investment management	284,472	305,792
Administration	13,927	11,563
Audit	16,547	18,897
Custodial services <i>[note 2]</i>	74,542	52,769
Director and officers' insurance	15,000	15,001
<b>Total expenses</b>	<b>486,774</b>	<b>457,788</b>
<b>Excess of revenues over expenses for the year</b>	<b>845,311</b>	<b>10,188,369</b>
<b>Fund balances, beginning of year</b>	<b>109,219,707</b>	<b>104,462,218</b>
Distributions <i>[note 6]</i>	(5,561,325)	(5,430,880)
<b>Fund balances, end of year</b>	<b>104,503,693</b>	<b>109,219,707</b>

See accompanying notes

## 2010 Games Operating Trust

### STATEMENT OF CASH FLOWS

[Expressed in Canadian dollars]

Year ended December 31

	2011	2010
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses		
for the year	845,311	10,188,369
Add (deduct) items not affecting cash		
Losses (gains) on sale of investments	1,179,823	(2,448,367)
Unrealized losses (gains) on fair value of held-for-trading investments	1,477,753	(4,496,344)
Changes in operating assets and liabilities		
Dividends and interest receivable	(13,440)	31,179
Other assets	10,794	(607)
Due to 2010 Games Operating Trust Society	(22,979)	12,713
<b>Cash provided by operating activities</b>	<b>3,477,262</b>	<b>3,286,943</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of investments at cost	(62,649,463)	(28,696,438)
Proceeds on disposition of investments	65,799,462	30,299,200
<b>Cash provided by investing activities</b>	<b>3,149,999</b>	<b>1,602,762</b>
<b>FINANCING ACTIVITIES</b>		
Distributions paid during the year	(5,430,880)	(4,501,689)
<b>Cash used in financing activities</b>	<b>(5,430,880)</b>	<b>(4,501,689)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,196,381</b>	<b>388,016</b>
Cash and cash equivalents, beginning of year	1,280,893	892,877
<b>Cash and cash equivalents, end of year</b>	<b>2,477,274</b>	<b>1,280,893</b>

See accompanying notes

## 2010 Games Operating Trust

### NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

#### 1. PURPOSE OF ORGANIZATION

The 2010 Games Operating Trust [the “Trust”] was established to promote high performance amateur sport in Canada.

The Trust was the recipient of [i] the Legacy Endowment Fund of \$110,000,000 which represented the obligations of both British Columbia and Canada [\$55,000,000 each] under a multi-party agreement [“MPA”] for hosting the 2010 Olympic and Paralympic Winter Games [the “Games”]; and [ii] the Amateur Sport Legacy Fund, which was to receive a 50% share of the operating surplus, if any, from the Games as reported by the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games [“VANOC”].

The Trust was settled on March 31, 2004 in connection with the receipt of British Columbia’s \$55,000,000 contribution. Canada’s contribution of \$55,000,000 was received on April 22, 2005. The Trust is a Registered Canadian Amateur Athletic Association and is exempt from income taxes under the Income Tax Act (Canada).

The Trustee is the 2010 Games Operating Trust Society [the “Society” or “Trustee”]. The Society is governed by a Board of Directors consisting of eight members, one appointed from each of Canada, British Columbia, the Canadian Olympic Committee, the Canadian Paralympic Committee, VANOC, the City of Vancouver, the City of Richmond and the Resort Municipality of Whistler.

The settlement of the Trust established the Legacy Endowment Fund and the Amateur Sport Legacy Fund which are described as follows:

##### Legacy Endowment Fund

The Legacy Endowment Fund was established to provide funding for operating expenses and related capital maintenance costs of certain Games venues prior to the initial opening of an Olympic facility. The Games venues include the speed skating oval venue [the “Richmond Olympic Oval”] which is owned by the City of Richmond and the sliding centre venue [the “Whistler Sliding Centre”] and the nordic centre venue [the “Whistler Olympic Park”] which are owned by the Whistler 2010 Sport Legacies Society [previously operated by VANOC]. The Trust agreement provides that the funds held within the Legacy Endowment Fund were to be invested until the initial opening of an Olympic facility after which the Legacy Endowment Fund was to be divided and the capital and any accumulated but undistributed income be divided into each of the following funds: Speed Skating Oval Fund, Whistler Sliding Centre and Nordic Centre Fund and Contingency Fund. The fund division date of the Legacy Endowment Fund was established effective December 31, 2007 and the funds were divided as follows: Speed Skating Oval Fund [40%], Whistler Sliding Centre and Nordic Centre Fund [40%] and Contingency Fund [20%].

## 2010 Games Operating Trust

### NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

#### **Speed Skating Oval Fund, Whistler Sliding Centre and Nordic Centre Fund and Contingency Fund**

The Speed Skating Oval Fund and the Whistler Sliding Centre and Nordic Centre Fund provide for calculations to be performed to determine an annual distributable amount to be paid to the owners of the Games venues [note 6]. The Trustee must consult with and give consideration to any operating agreement signed by the owner of each venue and thereafter will pay or apply so much of the annual distributable amount for each fund for the following priorities: administrative costs, the operating expenses and capital maintenance expenses of the respective venues, athlete and coach sport development programs at the respective facilities, and athlete and coach sport development programs throughout Canada. To the extent the annual distributable amount is different than the income of the respective fund, any excess or deficiency is to be added to or withdrawn from the capital of that fund accordingly.

With respect to the Contingency Fund, the Trustee has the ability to allocate any part of the income and capital of the fund to either the Speed Skating Oval Fund and/or the Whistler Sliding Centre and Nordic Centre Fund as it believes appropriate.

#### **Amateur Sport Legacy Fund**

The purpose of the Amateur Sport Legacy Fund is to support athlete and coach sport development programs.

The Amateur Sport Legacy Fund was to receive VANOC's 50% share of the operating surplus, if any, from the Games. It is not anticipated that VANOC will realize an operating surplus from the Games or that any funds will be received by the Trustee for the Amateur Sport Legacy Fund.



## 2010 Games Operating Trust

### NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Part III of the Canadian Institute of Chartered Accountants ["CICA"] Handbook – *Accounting Standards for Not-for-Profit Organizations*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada ["GAAP"]. The Trust adopted Canadian accounting standards for not-for-profit organizations on January 1, 2011 with a transition date of January 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2010 and January 1, 2010, and the statements of activities and changes in fund balances and cash flows for the year ended December 31, 2010 and related disclosures.

The accounting policies that the Trust has used in the preparation of its opening statement of financial position through the application of these principles has not resulted in any adjustments to balances previously presented in accordance with Part V of the *CICA Handbook – Pre-changeover Accounting Standards*.

The following is a summary of significant accounting policies used in the preparation of these financial statements:

##### **Fund accounting**

The Trust follows the restricted fund method of accounting for contributions. The funds are used to record the receipt and use of resources related to certain venues. Investment income earned on assets held in the respective funds is recorded as revenue as earned. All expenditures are expensed as incurred on a proportionate basis within each of the respective funds.

##### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires the Trustee's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Trustee's management believes that the estimates utilized in preparing its financial statements are reasonable; however, actual results could differ from those estimates.

## 2010 Games Operating Trust

### NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

#### Value-in-kind goods and services

Value-in-kind goods and services are recognized only when a fair value can be reasonably estimated and when the goods and services are used in the normal course of operations and would otherwise be purchased. During the year ended December 31, 2011, \$74,542 [2010 - \$52,769] of value-in-kind services received from a Canadian Trust company has been recorded in other income and as custodial services expense.

#### Cash equivalents

Cash equivalents consist of all highly liquid investments with an original maturity of 90 days or less. Cash equivalents are carried at fair value.

#### Financial instruments

The Trust's financial instruments consist of cash and cash equivalents, dividends and interest receivable, other assets, investments, due to 2010 Games Operating Trust Society and distributions payable. It is the Trustee's opinion that the Trust is subject to interest rate, credit, market and foreign currency risks with respect to its investments. To manage these risks, the investment policy for the Trust has established a target mix of investments which is designed to achieve optimal returns with reasonable risk tolerances. Unless otherwise noted, it is the Trustee's opinion that the Trust is not exposed to significant financial risks arising from its remaining financial instruments.

On initial recognition, all financial instruments are recognized at their respective fair values. After initial recognition, investments are measured at the statement of financial position date at fair value. Receivables and other financial liabilities are measured at amortized cost.

#### Investments and investment income

Investments are measured at fair value with changes in fair value recorded as unrealized gains or losses. The estimated fair value for bond and equity investments is based on the latest bid prices and pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred. Income on interest-bearing securities is accrued daily. Dividends on equity investments are recognized as revenue on their payment dates. Capital gains and losses on bonds, equities, and other investments are included in revenue in the year realized.

## 2010 Games Operating Trust

### NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

#### 3. INVESTMENTS

The Trust's investments are as follows:

	2011	2010	As at January 1, 2010
	\$	\$	\$
Fixed income:			
Government and corporate bonds	42,168,063	39,127,291	36,879,431
Mortgages	5,731,954	5,603,305	5,158,201
Total fixed income	47,900,017	44,730,596	42,037,632
Equities:			
Canadian	22,848,026	29,134,451	28,326,856
United States	24,646,065	25,761,743	23,671,865
Other	12,180,482	13,755,375	14,003,863
Total equities	59,674,573	68,651,569	66,002,584
<b>Total investments</b>	<b>107,574,590</b>	113,382,165	108,040,216

#### 4. RELATED PARTY TRANSACTIONS

Pursuant to the Trust Agreement, the Society is entitled to be reimbursed for its reasonable expenses in relation to its administration of the affairs of the Trust. During the year ended December 31, 2011, the Trust was charged \$412,232 [2010 - \$405,019] by the Trustee, for the recovery of expenses incurred on the Trust's behalf. As at December 31, 2011, the amount payable to the Trustee was \$64,069 [2010 - \$87,048; January 1, 2010 - \$74,335].

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 2010 Games Operating Trust

### NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

#### 5. CAPITAL DISCLOSURES

Capital management is an organization's objective for managing its cash flows in order to meet its organizational objectives for operating, investing and financing activities.

The Trust's capital management objectives are to have sufficient capital resources to finance its administrative expenses and to distribute annual distributable amounts as determined by the Trustee each year to the owners of the Games venues for use towards their respective administrative, operating and capital maintenance expenses. In order to fulfill these objectives, the Trust invests its available capital *[note 3]*.

The Trust's capital management objectives are monitored on a quarterly basis through the monitoring of investment performance and the monitoring of actual operating results compared to the Trust's budget. As at December 31, 2011, the Trust has met its capital management objectives.

## NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

## 6. DISTRIBUTIONS

	Richmond Olympic Oval			Whistler Olympic Park and Whistler Sliding Centre			Total		
	Declared (cumulative) \$	Paid (cumulative) \$	Distributions payable \$	Declared (cumulative) \$	Paid (cumulative) \$	Distributions payable \$	Declared (cumulative) \$	Paid (cumulative) \$	Distributions payable \$
Distribution declared December 18, 2007	2,192,490	—	—	2,192,490	—	—	4,384,980	—	—
Distribution declared December 18, 2007	1,949,833	—	—	1,949,833	—	—	3,899,666	—	—
Distribution paid December 20, 2007	—	(2,192,490)	—	—	(2,192,490)	—	—	(4,384,980)	—
<b>As at December 31, 2007</b>	<b>4,142,323</b>	<b>(2,192,490)</b>	<b>1,949,833</b>	<b>4,142,323</b>	<b>(2,192,490)</b>	<b>1,949,833</b>	<b>8,284,646</b>	<b>(4,384,980)</b>	<b>3,899,666</b>
Distribution declared May 22, 2008	2,497,065	—	—	2,497,065	—	—	4,994,130	—	—
Distribution paid June 6, 2008	—	(1,949,833)	—	—	(1,949,833)	—	—	(3,899,666)	—
Distribution paid December 31, 2008	—	—	—	—	(2,497,065)	—	—	(2,497,065)	—
<b>As at December 31, 2008</b>	<b>6,639,388</b>	<b>(4,142,323)</b>	<b>2,497,065</b>	<b>6,639,388</b>	<b>(6,639,388)</b>	<b>—</b>	<b>13,278,776</b>	<b>(10,781,711)</b>	<b>2,497,065</b>
Distribution declared February 16, 2009	2,295,866	—	—	2,233,459	—	—	4,529,325	—	—
Distribution paid May 28, 2009	—	(1,000,000)	—	—	—	—	—	(1,000,000)	—
Distribution paid July 21, 2009	—	(1,497,065)	—	—	—	—	—	(1,497,065)	—
Distribution paid July 21, 2009	—	(2,233,459)	—	—	(2,233,459)	—	—	(4,466,918)	—
Distribution declared November 16, 2009	2,242,389	—	—	2,196,893	—	—	4,439,282	—	—
<b>As at December 31, 2009</b>	<b>11,177,643</b>	<b>(8,872,847)</b>	<b>2,304,796</b>	<b>11,069,740</b>	<b>(8,872,847)</b>	<b>2,196,893</b>	<b>22,247,383</b>	<b>(17,745,694)</b>	<b>4,501,689</b>
Distribution paid April 30, 2010	—	(2,304,796)	—	—	(2,196,893)	—	—	(4,501,689)	—
Distribution declared November 29, 2010	2,739,398	—	—	2,691,482	—	—	5,430,880	—	—
<b>As at December 31, 2010</b>	<b>13,917,041</b>	<b>(11,177,643)</b>	<b>2,739,398</b>	<b>13,761,222</b>	<b>(11,069,740)</b>	<b>2,691,482</b>	<b>27,678,263</b>	<b>(22,247,383)</b>	<b>5,430,880</b>
Distribution paid March 4, 2011	—	(2,191,518)	—	—	(2,153,185)	—	—	(4,344,703)	—
Distribution paid May 30, 2011	—	(547,880)	—	—	(538,297)	—	—	(1,086,177)	—
Distribution declared November 28, 2011	2,784,637	—	—	2,776,688	—	—	5,561,325	—	—
<b>As at December 31, 2011</b>	<b>16,701,678</b>	<b>(13,917,041)</b>	<b>2,784,637</b>	<b>16,537,910</b>	<b>(13,761,222)</b>	<b>2,776,688</b>	<b>33,239,588</b>	<b>(27,678,263)</b>	<b>5,561,325</b>

Distributions are made annually from the Trust to the owner/operator of the Richmond Olympic Oval and to the owner/operator of the Whistler Olympic Park and the Whistler Sliding Centre pursuant to the Trust Agreement. The annual distributable amounts made from the Speed Skating Oval Fund to the City of Richmond on behalf of the Richmond Olympic Oval and from the Whistler Sliding Centre and Nordic Centre Fund to Whistler 2010 Sport Legacies Society on behalf of the Whistler Olympic Park and Whistler Sliding Centre are determined based upon the fair values of the respective funds on a rolling three-year average calculated by a percentage determined annually by the Trustee.

2010 Games Operating Trust

NOTES TO FINANCIAL STATEMENTS

[Expressed in Canadian dollars]

December 31, 2011

7. SCHEDULE OF FUND BALANCES

Year ended December 31, 2011

	Speed Skating Oval Fund		Whistler Sliding Centre and Nordic Centre Fund		Contingency Fund		Amateur Sport Legacy Fund	
	Income	Total	Income	Total	Capital	Income	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>								
Investment income:								
Interest and dividends	1,515,100	1,515,100	1,507,270	1,507,270	—	892,617	892,617	3,914,987
Gains on sale of investments	—	(456,592)	—	(454,231)	(269,000)	—	(269,000)	(1,179,823)
Unrealized gains on fair value of held-for-trading investments	—	(571,890)	—	(568,935)	(336,928)	—	(336,928)	(1,477,753)
Other income	28,899	28,899	28,749	28,749	—	17,026	17,026	74,674
<b>Total revenues</b>	<b>1,543,999</b>	<b>(1,028,482)</b>	<b>1,536,019</b>	<b>(1,023,166)</b>	<b>(605,928)</b>	<b>909,643</b>	<b>303,715</b>	<b>1,332,085</b>
<b>EXPENSES</b>								
Legal	12,555	12,555	12,490	12,490	—	7,396	7,396	32,441
Investment advisory	19,290	19,290	19,190	19,190	—	11,365	11,365	49,845
Investment management	110,091	110,091	109,522	109,522	—	64,859	64,859	284,472
Administration	5,390	5,390	5,362	5,362	—	3,175	3,175	13,927
Audit	6,403	6,403	6,371	6,371	—	3,773	3,773	16,547
Custodial services	28,848	28,848	28,698	28,698	—	16,996	16,996	74,542
Director and officers' insurance	5,805	5,805	5,775	5,775	—	3,420	3,420	15,000
<b>Total expenses</b>	<b>188,382</b>	<b>188,382</b>	<b>187,408</b>	<b>187,408</b>	<b>—</b>	<b>110,984</b>	<b>110,984</b>	<b>486,774</b>
<b>Excess of revenues over expenses for the year</b>	<b>1,355,617</b>	<b>(1,028,482)</b>	<b>1,348,611</b>	<b>(1,023,166)</b>	<b>(605,928)</b>	<b>798,659</b>	<b>192,731</b>	<b>845,311</b>
Fund balance, beginning of period	—	42,191,867	—	42,094,584	23,777,173	1,156,083	24,933,256	109,219,707
Transfers from capital	803,836	(803,836)	802,893	(802,893)	704,374	(704,374)	—	—
Transfers from contingency	625,184	625,184	625,184	625,184	—	(1,250,368)	(1,250,368)	—
Distributions (note 6)	(2,784,637)	(2,784,637)	(2,776,688)	(2,776,688)	—	—	—	(5,561,325)
<b>Fund balance, end of year</b>	<b>—</b>	<b>40,359,549</b>	<b>—</b>	<b>40,268,525</b>	<b>23,875,619</b>	<b>—</b>	<b>23,875,619</b>	<b>104,503,693</b>
<b>Percentages of weighted average fund balances during the year ended December 31, 2011 (including distributions payable)</b>		<b>38.70%</b>		<b>38.50%</b>			<b>22.80%</b>	<b>100.00%</b>
<b>Percentages of fund balances as at December 31, 2011 (including distributions payable)</b>		<b>38.70%</b>		<b>38.50%</b>			<b>22.80%</b>	<b>100.00%</b>