

Consolidated Financial Statements

**Vancouver Organizing Committee for the 2010
Olympic and Paralympic Winter Games**

June 27, 2014
(Date of Dissolution)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games

We have audited the accompanying financial statements of the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ["VANOC"], which comprise the consolidated statement of financial position as at June 27, 2014 (date of dissolution), the consolidated statement of operating activities and changes in fund balance, and the consolidated statement of cash flows for the period of August 1, 2013 to June 27, 2014 (date of dissolution), 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of VANOC as at June 27, 2014 (date of dissolution) and the results of its operating activities and its cash flows for the period of August 1, 2013 to June 27, 2014 (date of dissolution) in accordance with Canadian accounting standards for not-for-profit organizations.

Ernst & Young LLP

Vancouver, Canada
June 27, 2014.

Chartered Accountants

**Vancouver Organizing Committee for the 2010
Olympic and Paralympic Winter Games**

**CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

(in thousands of dollars)

As at	June 27, 2014 (date of dissolution) \$	July 31, 2013 \$
ASSETS		
Cash	—	2,907
Other receivables	—	3
Total assets	—	2,910
LIABILITIES AND FUND BALANCE		
Accounts payable and accrued liabilities	—	834
Deferred IOC contribution <i>[note 4]</i>	—	2,076
Total liabilities	—	2,910
Commitments, contingencies and guarantees <i>[note 5]</i>		
Fund balance		
Operating fund	—	—
Venue development fund	—	—
Total liabilities and fund balance	—	2,910

See accompanying notes

Approved on behalf of the Board:

Director

Director

**Vancouver Organizing Committee for the 2010
Olympic and Paralympic Winter Games**

**CONSOLIDATED
STATEMENT OF OPERATING ACTIVITIES
AND CHANGES IN FUND BALANCE**

(in thousands of dollars)

	Period from August 1, 2013 to June 27, 2014 (date of dissolution)	Year ending July 31, 2013	(Note 6) Cumulative period from September 30, 2003 (incorporation) to June 27, 2014 (date of dissolution)
	\$	\$	\$
OPERATING REVENUES			
IOC contribution	2,076	174	484,959
IOC international sponsorship	—	—	173,948
Domestic sponsorship	—	—	730,989
Marketing rights royalties	—	—	(186,759)
Ticketing	—	—	269,500
Licensing and merchandising	—	—	58,179
Government contributions			
Canada	—	—	74,401
British Columbia	—	—	113,395
Other	27	37	176,106
Total operating revenues	2,103	211	1,894,718
OPERATING EXPENSES			
Revenue, marketing and communications	—	—	167,919
Sport and games operations	—	—	287,972
Services and games operations	1,888	—	730,623
Technology	—	—	452,425
Workforce and sustainability	89	122	132,073
Finance	126	89	115,799
	2,103	211	1,886,811
Foreign exchange loss, net	—	—	7,957
Total operating expenses	2,103	211	1,894,768
Operating revenue over expenses for the period	—	—	(50)
Operating fund, beginning of period	—	—	—
Transfer from Venue development fund	—	—	50
Operating fund, end of period	—	—	—

See accompanying notes

**Vancouver Organizing Committee for the 2010
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**CONSOLIDATED
STATEMENT OF CASH FLOWS**

(in thousands of dollars)

	Period from August 1, 2013 to June 27, 2014 (date of dissolution) \$	Year ending July 31, 2013 \$	Cumulative period from September 30, 2003 (incorporation) to June 27, 2014 (date of dissolution) \$
OPERATING AND VENUE DEVELOPMENT ACTIVITIES			
Operating revenues			
over expenses for the period	—	—	(50)
Venue development revenues			
over expenses for the period	—	—	50
Changes in operating assets and liabilities:			
Other receivables	3	74	—
Accounts payable and accrued liabilities	(834)	(3,210)	—
Deferred IOC contribution	(2,076)	(174)	—
Cash used in operating activities and venue development activities	(2,907)	(3,310)	—
Net decrease in cash for the period	(2,907)	(3,310)	—
Cash, beginning of period	2,907	6,217	—
Cash, end of period	—	2,907	—

See accompanying notes

Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 27, 2014
(date of dissolution)

(in thousands of Canadian dollars, except where indicated)

1. ORGANIZATION

The Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ["VANOC"] was incorporated without share capital under Part II of the Canada Corporations Act on September 30, 2003 and is registered extra-provincially under the BC Society Act. VANOC is exempt from income taxes under the Income Tax Act (Canada).

VANOC was initially governed by a Board of Directors consisting of 20 members. Of these 20 members, 7 were appointed by the Canadian Olympic Committee ["COC"]; 1 by the Canadian Paralympic Committee ["CPC"]; 3 by British Columbia ["BC"]; 3 by Canada; 2 by the City of Vancouver ["COV"]; 2 by the Resort Municipality of Whistler ["RMOW"]; 1 by the Squamish and Lil'wat First Nations acting together; and 1 by the vote of the other 19 members. During fiscal 2013, the Company's governance was changed to reflect its reduced activity level. VANOC is now governed by a Board of Directors comprised of 4 members, with 1 member each appointed by the COC, COV, RMOW and BC.

VANOC's purpose was to plan, organize, finance and stage the 2010 Olympic and Paralympic Winter Games [the "Games"]. The Games were staged in Vancouver and Whistler in February and March, 2010. As VANOC's purpose has been completed and there are no further assets or liabilities, the Board of Directors resolved on June 27, 2014 that VANOC be dissolved. These financial statements reflect the financial position and results of operations to the effective date of dissolution being June 27, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements were prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook– *Accounting Standards for Not-for-Profit Organizations*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada.

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

Fund accounting

The financial statements have been prepared in accordance with the principles of fund accounting.

Venue development fund

The Venue Development Fund was used to record the receipt and use of resources that were designated for the development of the Games Venues. During the dissolution period from August 1, 2010 through June 27, 2014, the Venue Development Fund balance of \$50 was transferred to the Operating Fund. There were no further venue development activities during the dissolution period and the Venue Development Fund is no longer presented in these consolidated financial statements.

Operating fund

Revenues and expenses of VANOC not related to venue development activity have been recorded in the Operating Fund. Restricted contributions for expenses of future periods have been deferred and recognized in the Operating Fund as revenue in the same period the related expenses were recognized.

**Vancouver Organizing Committee for the 2010
Olympic and Paralympic Winter Games**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 27, 2014
(date of dissolution)

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Operating revenues

Operating revenues consisted of IOC contributions, IOC international sponsorship, domestic sponsorship, ticketing, licensing and merchandising, government contributions and other revenues. All revenues received in cash were recognized in the period received or receivable, if the amount to be received could be reasonably estimated and collection was reasonably assured. Value in kind ["VIK"] revenues were recognized at the equivalent amount of VIK goods and services expensed. VIK goods and services that were sold by VANOC to a third party were recorded in the consolidated financial statements at the exchange amount in the period received or receivable.

VIK goods and services

VIK goods and services that were acquired by VANOC under international or domestic sponsorship arrangements or were donated to VANOC for no consideration were recognized in the consolidated financial statements when a fair value could be reasonably estimated and when the goods and services were consumed by VANOC in the normal course of operations and would otherwise have been purchased.

Volunteers contributed an undeterminable number of hours. Because of the difficulty in determining their fair value, volunteer services have not been recognized in the consolidated financial statements.

Financial instruments

Unless otherwise noted, it is management's opinion that VANOC is not exposed to significant interest or credit risks arising from financial instruments.

Asset disposal

In staging the Games, VANOC acquired a significant quantity and value of assets. These assets included, but were not limited to, assets that were owned, donated and/or fabricated. The proceeds upon disposition of these assets were recorded in the period when the proceeds were received or receivable, if the amount to be received could be reasonably estimated and collection is reasonably assured.

Basis of Consolidation

On April 30, 2010 VANOC purchased 100% of the share capital of David Atkins Enterprise Productions Canada Ltd ["DAEP"] from David Atkins Enterprises PTY. Ltd. for consideration of 10 dollars. DAEP was responsible for the production and execution of the opening and closing ceremonies held on February 12 and 28, 2010, respectively. VANOC consolidates the accounts of DAEP.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles for not-for-profit organizations in Canada requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable; however, actual results could differ from those estimates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 27, 2014
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3. 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. VANOC's capital management objectives were to have sufficient capital resources to finance its operations through to dissolution.

As at June 27, 2014, VANOC has met its capital management objectives.

4. IOC CONTRIBUTION

Pursuant to the Host City Contract, the IOC provided contributions to VANOC as consideration for VANOC's role in planning, organizing and staging the Games. VANOC recognized IOC contributions of \$2,076 (2013: \$174) during the period ended June 27, 2014. On a cumulative project-to-date basis, VANOC received \$484,959, all of which has been recognized as operating revenue. No further amounts are receivable from the IOC.

5. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The statute governing VANOC and VANOC's bylaws set forth VANOC's obligation to indemnify its directors, officers, and other defined persons for certain costs and expenses incurred in connection with the defense of claims asserted against them. VANOC has purchased insurance to help fund such obligations, if any.

6. DISSOLUTION

Schedule A provides a summary of operating revenue and expenditures through the cumulative period from September 30, 2003 (incorporation) to July 31, 2010, the dissolution period from August 1, 2010 to June 27, 2014 (date of dissolution), and the overall cumulative period from September 30, 2003 (incorporation) to June 27, 2014 (date of dissolution).

There were no activities in the Venue Development Fund during the dissolution period other than the transfer of residual funds to the Operating Fund.

**Vancouver Organizing Committee for the 2010
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 27, 2014
(date of dissolution)

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SCHEDULE A

	Cumulative period from September 30, 2003 (incorporation) to July 31, 2010 \$	Period from August 1, 2010 to June 27, 2014 (date of dissolution) \$	Cumulative period from September 30, 2003 (incorporation) to June 27, 2014 (date of dissolution) \$
OPERATING REVENUES			
IOC contribution	479,742	5,217	484,959
IOC international sponsorship	173,558	390	173,948
Domestic sponsorship	730,157	832	730,989
Marketing rights royalties	(186,759)	—	(186,759)
Ticketing	269,459	41	269,500
Licensing and merchandising	54,618	3,561	58,179
Government contributions			
Canada	74,401	—	74,401
British Columbia	113,395	—	113,395
Other	175,558	548	176,106
Total operating revenues	1,884,129	10,589	1,894,718
OPERATING EXPENSES			
Revenue, marketing and communications	167,704	215	167,919
Sport and games operations	287,972	—	287,972
Services and games operations	723,043	7,580	730,623
Technology	452,425	—	452,425
Workforce and sustainability	129,954	2,119	132,073
Finance	115,074	725	115,799
	1,876,172	10,639	1,886,811
Foreign exchange loss, net	7,957	—	7,957
Total operating expenses	1,884,129	10,639	1,894,768
Operating revenue over expenses for the period	—	(50)	(50)
Operating fund, beginning of period	—	—	—
Transfer from Venue development fund	—	50	50
Operating fund, end of period	—	—	—