

Vancouver Trade and Convention Centre Authority

Statement of Management Responsibility

Management, in accordance with generally accepted accounting principles, has prepared the financial statements of *Vancouver Trade and Convention Centre Authority*. These statements present fairly the financial position of the Authority as at March 31, 2000 and results of its operations for the year then ended.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia, has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his audit and his opinion on the financial statements of *Vancouver Trade and Convention Centre Authority*.



Chris Nelson
President



Doug Callbeck
Treasurer

Victoria, British Columbia
June 2, 2000

Report of the Auditor General of British Columbia

*To the Directors of the Vancouver Trade and
Convention Centre Authority, and*

*To the Minister of Employment and Investment
Province of British Columbia:*

I have audited the balance sheet of *Vancouver Trade and Convention Centre Authority* as at March 31, 2000 and the statement of operations and cash flows for the year then ended March 31, 2000. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Vancouver Trade and Convention Centre Authority* as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Victoria, British Columbia
June 2, 2000*



Wayne Strelhoff, CA
Auditor General

Vancouver Trade and Convention Centre Authority

Balance Sheet

(in thousands)

March 31,	2000	1999
	\$	\$
Assets		
Cash and short-term investments	4,653	636
Accounts receivable	2,126	-
Inventory	6,350	-
Work in progress	-	43,091
	<u>13,129</u>	<u>43,727</u>
Liabilities		
Accounts payable	2,332	14,987
Interest payable	2	73
Due to 580440 B.C. Ltd. (note 3)	2,805	28,667
	<u>5,139</u>	<u>43,727</u>
Surplus	7,990	-
	<u>13,129</u>	<u>43,727</u>

On behalf of the Board



Director



Director

Vancouver Trade and Convention Centre Authority
Statement of Operations
(in thousands)

Years Ended March 31,	2000	1999
	\$	\$
Revenue	-	-
Expenses		
Write off of work in progress	62,010	-
	62,010	-
Loss from operations	(62,010)	-
Forgiveness of loan (note 3)	70,000	-
Surplus end of the year	7,990	-

Vancouver Trade and Convention Centre Authority
Statement of Cash Flows
(in thousands)

Years Ended March 31,	2000	1999
	\$	\$
Cash Flows from Operating Activities		
Expense recoveries	16	-
Sale of assets	432	-
GST recovery	4,104	-
	4,552	-
Cash Flows from Financing Activities		
Loans	41,250	28,663
	41,250	28,663
Cash Flows from Investing Activities		
Acquisition of work in progress	(41,785)	(28,027)
	(41,785)	(28,027)
Increase in cash during the year	4,017	636
Cash and short-term investments beginning of year	636	-
Cash and short-term investments end of year	4,653	636

Vancouver Trade and Convention Centre Authority

Notes to the Financial Statements

March 31, 2000

(tabular amounts in thousands)

1. Nature of Business

The Vancouver Trade and Convention Centre Authority (the "Authority") was incorporated on October 2, 1998, as a not-for-profit corporation, without share capital pursuant to Part II of the *Canada Corporation Act*. The Authority is governed by a board of directors, the majority of which are presently appointed by the government of British Columbia.

The purpose of the Authority is to promote tourism and conventions in British Columbia. To this end it is expected to finance, build and own the expanded convention and exhibition facilities and necessary ancillary facilities at Canada Place in Vancouver.

On October 5, 1999, the Province of British Columbia canceled the construction of the new convention centre. Consequently, the mandate of the Authority was directed away from design and construction to termination and disposal of its assets.

The Minister of Finance and Corporate Relations acts as fiscal agent for the Authority.

The Authority is exempt from federal and provincial income taxes.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Wind-up

The Authority is in the process of winding up its operations. These financial statements take into account the costs associated with the settlement of all the known contracts and agreements that were in place at the time the government ordered the project terminated. Sales proceeds from the disposal of assets have been netted against work in progress. In addition, certain assets have been given to third parties in settlement of outstanding claims that arose as a result of the termination of the agreement with them.

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March 31, 2000

(tabular amounts in thousands)

b) Work in progress

All costs of development, construction, and interest and other costs associated with the borrowing of funds are deferred until the point in time when the facilities are substantially completed.

c) Inventory

Inventory is valued at its estimated disposal value.

d) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

e) Environmental costs

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

3. Due to 580440 B.C. Ltd.

On March 30, 2000, the Province of British Columbia forgave \$70 million of debt obligations to 580440 B.C. Ltd. That Company in turn released the Authority from its debt obligations to an equal amount of \$70 million.

The forgiveness of the \$70 million loans has been treated as a contribution and shown on the Statement of Operations after the determination of loss from operations for the year.

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March 31, 2000

(tabular amounts in thousands)

This transaction left the Authority with loans payable to 580440 B.C. Ltd. of \$2,805,001. These loans were repaid on April 12, 2000.

<u>Loan</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Maturity Amount</u>
	%		\$	\$
1	5.09	April 3, 2000	52,797	52,820
2	4.96	April 12, 2000	20,008	20,100
			<u>72,805</u>	<u>72,920</u>
		Less: debt forgiven	<u>(70,000)</u>	<u>(70,000)</u>
			<u>2,805</u>	<u>2,920</u>

4. Related party transactions

The Authority is presently related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

The Ministry of Employment and Investment provides managerial and administrative services to the Authority. The cost of this support is not material and has not been recorded in these financial statements.

The surplus remaining after all the Authority's assets have been disposed of and the liabilities paid will be returned to the Province.

5. Comparative figures

Comparative figures are for the period from incorporation, October 2, 1998 to March 31, 1999.