

B.C. Pavilion Corporation

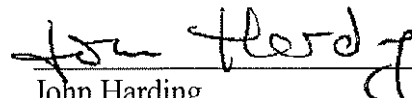
Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements for B.C. Pavilion Corporation. These statements present fairly the financial position of the corporation as at March 31, 2010 and results of its operations and cash flows for the year ended March 31, 2010.

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 work on the financial statements for B.C. Pavilion Corporation.


David Podmore
Chair


John Harding
Chief Financial Officer

Vancouver, British Columbia
May 20, 2010



Report of the Auditor General of British Columbia

*To the Board of Directors of
the B.C. Pavilion Corporation, and*

*To the Minister of Tourism, Culture and the Arts
Province of British Columbia:*

I have audited the balance sheet of the *B.C. Pavilion Corporation* as at March 31, 2010, the statement of operations, comprehensive income and retained earnings and the statement of cash flows for the year then ended. 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 Canadian 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 *B.C. Pavilion Corporation* as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Victoria, British Columbia
May 20, 2010*

John Doyle, MBA, CA
Auditor General

B.C. Pavilion Corporation

Balance Sheet

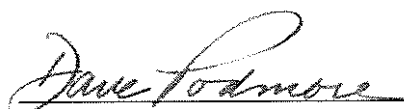
(in \$000s)

March 31	2010	2009
Assets		
Current		
Cash and cash equivalents (Notes 7)	77,652	170,000
Accounts receivable (Note 8)	6,928	8,591
Due from Province of BC (Note 9)	6,500	-
Due from Government of Canada (Note 10)	-	7,380
Prepays (Note 12)	5,308	2,207
	<u>96,388</u>	<u>188,178</u>
Long-term		
Property, plant & equipment (Note 13)	1,017,524	922,068
Intangible assets (Note 14)	2,090	2,206
	<u>1,019,614</u>	<u>924,274</u>
	<u>1,116,002</u>	<u>1,112,452</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 16)	31,534	67,565
Current portion of long-term debt (Note 17)	-	75
Deferred revenue (Note 18)	6,827	3,428
	<u>38,361</u>	<u>71,068</u>
Long-term		
Long-term debt (Note 17)	29,731	68
Deferred revenue (Note 18)	21,715	18,629
Deferred contributions (Note 19)	241,740	233,660
	<u>293,186</u>	<u>252,357</u>
	<u>331,547</u>	<u>323,425</u>
Shareholder's Equity		
Share capital (Note 20)	-	-
Provincial contributions (Note 21)	756,642	761,214
Retained earnings	27,813	27,813
	<u>784,455</u>	<u>789,027</u>
	<u>1,116,002</u>	<u>1,112,452</u>

Commitments (Note 27)

Contingent Liabilities (Note 28)

On behalf of the Board


Chair


Director

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Statement of Operations, Comprehensive Income and Retained Earnings

(in \$000s)

Years ended March 31	2010	2009
Operating revenues (Note 22)	41,603	32,139
Direct costs (Note 22)	23,279	16,843
	18,324	15,296
Facility expenses		
Staffing	13,558	9,964
Operating	12,104	7,090
Business development	5,492	2,681
General and administration	4,253	2,579
Fees	1,781	1,223
	37,188	23,537
Loss before amortization and other costs	(18,864)	(8,241)
Amortization	(26,658)	(7,166)
Loss on operations after amortization	(45,522)	(15,407)
BC Place redevelopment (Note 11)	(2,283)	(1,493)
Event readiness expenses (Note 23)	(13,250)	-
Loss before contributions	(61,055)	(16,900)
Amortization of deferred contributions (Note 19)	5,740	-
Amortization of provincial contributions (Note 21)	55,315	16,900
Net income for the year, being comprehensive income	-	-
Retained earnings – beginning of year	27,813	27,813
Retained earnings – end of year	27,813	27,813

See accompanying notes to the financial statements.

B.C. Pavilion Corporation

Statement of Cash Flows

(in \$000s)

Years ended March 31	2010	2009
Operations		
Loss on operations	(61,055)	(16,900)
<i>Items not affecting cash</i>		
Amortization	26,658	7,166
Fair value adjustment on investments	-	54
Disposal of assets	239	569
<i>Change in working capital</i>		
Deferred revenue	6,485	5,224
Change in non-cash working capital (Note 24)	(36,589)	19,347
<i>Cash (used in) provided by operations</i>	(64,262)	15,460
Investing		
Property, plant & equipment additions	(122,121)	(285,251)
Intangibles	(116)	(2,161)
Investments	-	20,083
Increase (decrease) in long-term debt	29,588	(100)
<i>Cash used in investing activities</i>	(92,649)	(267,429)
Financing		
Contributions from the Province of British Columbia	50,743	299,322
Contributions from other	13,820	22,958
<i>Cash provided by financing activities</i>	64,563	322,280
Net (decrease) increase in cash and cash equivalents	(92,348)	70,311
Cash and cash equivalents – beginning of year	170,000	99,689
Cash and cash equivalents – end of year (Note 7)	77,652	170,000

See accompanying notes to the financial statements.

1. Authority and Purpose

B.C. Pavilion Corporation (PavCo) 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. The mandate of PavCo is to generate economic and community benefits for the people of British Columbia through the management of public tourism and cultural facilities.

PavCo owns and operates BC Place 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 as it is wholly owned by the Province of British Columbia.

2. Significant Accounting Policies

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

a) Financial Instruments – Recognition and Measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial assets and financial liabilities including derivatives are measured in the balance sheet at fair value, except for loans and receivables, and other financial liabilities, which are measured at amortized cost.

PavCo has designated its financial instruments as follows:

Cash and cash equivalents are classified as financial assets held for trading.

Investments are classified as assets held for trading. Assets held for trading are carried at fair value with the changes in fair value recorded in revenues from operations, and gains and losses realized on disposal of held for trading securities, along with the interest are recorded in revenues from operations. Fair value adjustments and any gains or losses on disposal of securities used for construction of the newly expanded Vancouver Convention Centre were recorded to construction in progress until the facility was ready for use.

Accounts receivable are classified as loans and receivables and are measured at amortized cost. Accounts payable, accrued liabilities, and long term debt are classified as other financial liabilities and are also measured at amortized cost.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values, due to the short-term nature of these financial instruments.

2. Significant Accounting Policies (cont.)

b) Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction as well as value-in-kind (VIK) contributions (see VIK accounting policy) and other carrying costs. When construction is substantially complete and the asset is ready for use, the costs are transferred to property, plant and equipment. They are subsequently amortized over their estimated useful lives.

c) Value-in-kind (VIK)

PavCo has entered into agreements where VIK is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in construction-in-progress (see construction-in-progress accounting policy) or property, plant and equipment.

d) Contra-transactions

Unearned revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

e) Capital Assets

Property, plant and equipment are recorded at cost less accumulated amortization.

Assets are amortized over their estimated useful lives to PavCo:

Buildings and improvements	10 to 50 years, straight line
Furniture	3 to 5 years, straight line
Computer equipment	3 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Mobile equipment	30% per annum, declining balance
Equipment and other capital assets	1 to 10 years, straight line

The art/theming collection is recorded at cost with no amortization.

f) Impairment of long-lived assets

PavCo reviews capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Given the nature of the Corporation's mandate, PavCo believes that assessing the service potential of its assets best reflects whether there is any indication of asset impairment. The Public Sector Accounting Board Handbook Section PS 3150 reporting requirements state "*When conditions indicate that a tangible capital asset no longer contributes to a government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value.*" PavCo reviews the value of its capital assets that are in active service for impairment, based on their service potential and ability to provide goods and services to the government.

2. Significant Accounting Policies (cont.)

g) Intangible assets

Non-depreciable intangible assets are recorded at the lower of cost or net realizable value. Depreciable intangible assets are recorded at cost and amortized on a straight line basis over their estimated useful lives of three years.

h) Deferred contributions

Contributions for the construction of capital assets are deferred and are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

i) Government funding

Funding received from the Province of British Columbia is recognized as Provincial Contributions when received.

Funding received to assist in sustaining operations is deferred and amortized to income as the related expenses occur.

Funding received for capital assets is deferred and amortized at a rate corresponding with the amortization rate for the related capital assets.

Funding received for the acquisition of, or in the form of non-depreciable capital assets is recognized as a direct increase to Provincial Contributions in the same period that the assets are acquired.

Funding received for specific purposes is deferred and recognized as the expenses are incurred.

j) Revenue recognition

Revenue from events at BC Place and the Vancouver Convention Centre is recognized on the completion of events. Amounts received in advance of event completion are recorded as unearned revenue.

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

k) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions based on the information available. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Management has made estimates on the expected timing of future expenditures related to construction commitments (Note 27a). Actual results could differ from the amounts estimated.

l) Environmental expenses

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

2. Significant Accounting Policies (cont.)

m) Foreign currency transactions

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

3. Financial Instruments – Risk Management

PavCo is exposed to various risks related to its financial assets and liabilities. 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 safeguard 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 only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.

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 by maintaining the ability to borrow 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 only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery. The corporation continually monitors and manages the collection of receivables from other customers.

4. Changes in Accounting Policy

During the fiscal year, PavCo reviewed its policy on impairment of long-lived assets and determined that given the nature of the Corporation's mandate, assessment of the service potential of its assets, in accordance with Public Sector Accounting Board Handbook Section PS 3150, provides the best indication of whether there is an indication of asset impairment. As a result of this change, PavCo has reversed the previous fiscal 2005 write down of BC Place, as it is management's view the restated value of BC Place more accurately reflects the ongoing service potential generated by the asset over its lifecycle. Prior year balances have been restated to conform with the new policy.

4. Changes in Accounting Policy (cont.)

The change in accounting policy impacts the financial statements as follows:

	2010	2009
Balance Sheet:		
Increase in property, plant & equipment	59,131	61,701
Increase in provincial contributions	59,131	61,701
Income Statement:		
Increase in amortization	2,570	4,191
Increase in amortization of provincial contributions	2,570	4,191
Statement of Cash Flows:		
Increase in loss before contributions	2,570	4,191
Increase in amortization	2,570	4,191

5. Capital Management

PavCo defines its capital structure as cash and cash equivalents, long-term debt and shareholder's equity.

The Corporation's objectives when managing capital are to optimize the use of its assets so as to provide the maximum economic return to its shareholder and stakeholders, while maintaining financial flexibility in order to preserve its ability to meet financial obligations and to continue as a going concern.

PavCo manages its capital structure with consideration to targets set through its Service Plan and Shareholder's Letter of Understanding, expenditure priorities and the funds available to address them. Funding assistance from PavCo's shareholder may be required to maintain or adjust the capital structure.

There has been no change to PavCo's capital management approach for the current period.

PavCo has externally imposed capital restrictions. It is not permitted to dispose of BC Place or the Vancouver Convention Centre. Funding received for designated purposes, must be used for those purposes provided. PavCo is in full compliance with these restrictions.

6. Economic Dependence

PavCo relies on its sole shareholder to provide any capital for investments in property, plant and equipment and when required, to assist with operational funding.

7. Cash and Cash Equivalents

PavCo considers deposits in banks and investments with maturities of three months or less as cash and cash equivalents.

Included in cash is \$0.9 million of restricted cash (2009 - \$1.4 million). Restricted cash relates to initial deposits received for long term lease agreements at the Vancouver Convention Centre. The restriction on the initial deposits expires on the lease commencement dates identified in the agreements.

	March 31 2010	March 31 2009
Cash	77,652	9,320
<u>Investments < 90 days</u>		
Deposits with BCIMC	-	10,967
Canadian treasury bills with interest rates up to 1.00%	-	96,366
Government bonds with interest rates of 4.00% to 5.50%	-	53,347
<i>Total fair value</i>	77,652	170,000
<i>Total book value</i>	77,652	170,409
<i>Fair value adjustment</i>	-	(409)

Short-term investments held for trading

Short-term investments consisted of units held at the British Columbia Investment Management Corporation (BCIMC) as well as Canadian treasury bills and government bonds held with VanCity Investment Management Ltd. The BCIMC investments were held in Canadian Money Market funds and receivable on demand. Due to construction at BC Place, the deposits with BCIMC were liquidated during fiscal 2010. The treasury bills and government bonds previously held by the corporation for construction of the Vancouver Convention Centre expansion reached maturity and were liquidated.

8. Accounts Receivable

	March 31 2010	March 31 2009
Trade	5,575	3,716
Interest	-	934
GST	1,353	3,941
	6,928	8,591

9. Due from Province of British Columbia

	March 31 2010	March 31 2009
Due from Province of British Columbia	6,500	-
	6,500	-

The \$6.5 million is funding assistance for PavCo operations.

10. Due from Government of Canada

The funding agreement between PavCo and Infrastructure Canada (INFC) provided \$222.5 million for reimbursement of paid eligible costs towards the construction of the Vancouver Convention Centre expansion. In addition, PavCo entered into a separate \$2.1 million funding agreement with Western Economic Diversification Canada (WED) to showcase a water treatment system at the newly expanded facility. This funding is reflected in deferred contributions (Note 19).

The Corporation has fulfilled its obligations under these agreements, and all funding was received.

	March 31 2010	March 31 2009
Infrastructure Canada (INFC)	-	7,138
Western Economic Diversification Canada (WED)	-	242
Due from Government of Canada	-	7,380

11. Funding

BC Place

PavCo received approval to proceed with construction projects of up to \$563.0 million at BC Place. This includes completion of interior refurbishments, deferred maintenance projects, and replacement of the air-supported roof with a retractable roof.

The project funding will be provided by way of self-financing by PavCo through the development of lands surrounding BC Place, existing cash reserves, expanded event business and sponsorship opportunities, as well as a repayable loan (Note 17) and capital contributions from the Province of British Columbia.

In February 2010, PavCo entered into a 70-year lease agreement for a parcel of its land to the west of BC Place. PavCo will receive annual lease payments from the lessee following completion of the redevelopment of these lands. PavCo has obligations to provide certain services and benefits to these lands for the lessee, who has agreed to make a financial contribution towards these services and benefits.

During the period ended March 31, 2010, PavCo incurred costs of \$2.3 million associated with the comprehensive redevelopment of its lands, including settlement costs for disrupted events at BC Place due to the roof construction.

	March 31 2010	March 31 2009
Redevelopment costs written off	2,044	932
Loss on disposal of assets	239	561
	2,283	1,493

11. Funding (cont.)

Vancouver Convention Centre Expansion

The budget for construction of the Vancouver Convention Centre expansion including the connection between the expanded facility and Canada Place together with upgrades to the existing facility at Canada Place was \$883.2 million, and was funded by the Province of British Columbia (\$540.7 million), the Government of Canada (\$222.5 million), Tourism Vancouver (\$90 million), and \$30 million from commercial opportunities.

Tourism Vancouver funding was financed by way of contributions from the Province of British Columbia and is reflected in Provincial contributions (Note 21).

PavCo also entered into a separate \$2.1 million funding agreement with WED for incremental sustainability initiatives added to the expansion project.

Funding for this project has been received in full.

12. Prepaids

	March 31 2010	March 31 2009
Event and operations prepayments	1,639	2,207
Prepaid rental on temporary stadium	3,669	-
	5,308	2,207

13. Property, Plant & Equipment

By facility	March 31, 2010			March 31 2009
	Carrying Cost	Accumulated Amortization	Net Book Value	Net Book Value
BC Place	284,541	59,070	225,471	153,872
Vancouver Convention Centre	818,854	26,900	791,954	768,194
Corporate Office	139	40	99	2
	1,103,534	86,010	1,017,524	922,068

By category	March 31, 2010			March 31 2009
	Carrying Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	71,260	-	71,260	71,260
Buildings & Improvements	943,083	68,336	874,747	768,497
Construction in Progress				
VCC Expansion	1,354	-	1,354	18,505
BC Place	40,113	-	40,113	44,716
Equipment	27,082	13,129	13,953	8,632
Mobile Equipment	1,584	282	1,302	68
Furniture	12,294	3,099	9,195	6,938
Computer Equipment	1,398	1,164	234	260
Art/ Theming Collection	5,366	-	5,366	3,192
	1,103,534	86,010	1,017,524	922,068

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 capital assets of the Corporation.

The new Vancouver Convention Centre west facility commenced operations on April 3, 2009. Asset cost includes direct costs of construction and an apportioned amount of overhead costs directly attributable to the construction including capitalized interest earned of \$24.9 million.

As a result of an accounting policy change (Note 4), the previous write down of BC Place was reversed, and its net carrying value increased by \$59.1 million for fiscal 2010 (2009 - \$61.7 million).

At March 31, 2010, PavCo has completed structural upgrades and significant interior refurbishments to BC Place under its \$563.0 million multi-project envelope. The corporation has entered into a stipulated price agreement for construction of the retractable roof and most of the remaining project components.

The Vancouver Convention Centre will complete its modifications and renovations to the east facility in fiscal 2011, while construction on the retractable roof, deferred maintenance projects and interior refurbishments at BC Place will continue into fiscal 2012.

14. Intangible Assets

By Category	March 31, 2010			March 31 2009
	Carrying Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software & website re- design	616	406	210	326
Agreement to secure and market the 2011 Grey Cup	1,880	-	1,880	1,880
	2,496	406	2,090	2,206

The agreement to secure the 2011 Grey Cup to showcase the revitalization of BC Place was fully funded by Province of British Columbia. The cost will be amortized to operations in fiscal 2012.

15. Intangible Rights

PavCo has had interests in two properties that have been sold or transferred to third parties. Under the terms of the transfer agreements, PavCo could have rights to further income or property at some future date if these or other adjacent properties are developed or sold.

The first relates to a parcel of land adjacent to BC Place that was transferred to a developer for future exchange for another piece of land of approximate size. If the adjacent land is sub-divided or developed, then PavCo will receive the land exchange, otherwise, PavCo will receive cash compensation of approximately \$150 thousand.

The second relates to a parcel of land in Surrey, British Columbia, that, if the land were to be sold or redeveloped before March 2016, then PavCo would receive three fifths of the sales proceeds of the land over \$1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

16. Accounts Payable and Accrued Liabilities

	March 31 2010	March 31 2009
Trade	27,343	60,528
Holdbacks	4,191	7,037
	31,534	67,565

17. Long-term Debt

	March 31 2010	March 31 2009
Province of British Columbia	29,731	-
British Columbia Transportation Financing Authority	-	143
Less: Current portion	-	(75)
	29,731	68

PavCo entered into a long term loan agreement with the Province of British Columbia to provide financing for the construction of the retractable roof and interior refurbishments at BC Place. Under the terms of the agreement, the repayable loan is non-interest bearing during construction. Commencing in April 2013, PavCo will repay the loan by providing semi-annual blended payments of principal and interest (fixed interest rate of 4.89%) until fiscal 2049.

The loan is secured by the assets of BC Place and Vancouver Convention Centre.

The long-term non-interest bearing debt payable to BC Transportation Financing Authority was paid in full in fiscal 2010.

18. Deferred Revenue

	March 31 2010	March 31 2009
<i>Current</i>		
Event revenues	4,862	3,424
Unearned revenue	1,965	4
	6,827	3,428
<i>Long-term</i>		
Event revenues	1,011	678
Other deferred revenue	20,704	17,951
	21,715	18,629
Total deferred revenue	28,542	22,057

Event revenues are receipts in advance of scheduled event dates and are deferred until completion of the event. Long term event revenues are deposits for events scheduled up to fiscal 2017.

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

19. Deferred Contributions

	Government of Canada	VANOC	Other	March 31 2010	March 31 2009
Opening contributions	224,628	497	8,535	233,660	210,702
Additional contributions received	-	11,095	2,725	13,820	22,958
Amortized during the year	(4,556)	(383)	(801)	(5,740)	-
Closing contributions	220,072	11,209	10,459	241,740	233,660

Deferred Contributions include contributions from non-related parties to fund the acquisition of capital assets to provide for the future benefit of the Corporation.

Government of Canada contributions is funding for the construction of the expansion of the Vancouver Convention Centre and connector between the east and west facility, as well as for construction of the water treatment facility.

Contributions received from VANOC were for improvements at PavCo's facilities.

Other contributions reflect value-in-kind agreements for property, plant and equipment at the Vancouver Convention Centre.

20. Share Capital

PavCo is authorized to issue an unlimited number of shares without par value, without special rights or restrictions attached. 101 shares are issued and outstanding. These shares are owned by the Province of British Columbia, through registration in the name of the Minister of Tourism, Culture and the Arts, and Her Majesty the Queen in Right of the Province of British Columbia.

21. Provincial Contributions

	Capital ⁽¹⁾	Sustaining Operations	Other	March 31 2010	March 31 2009
Opening contributions	753,446	7,768	-	761,214	478,792
Additional contributions received	16,049	14,994	19,700	50,743	299,322
Amortization-capital contributions	(20,543)	-	(151)	(20,694)	(7,166)
Amortization-operating contributions	-	(21,371)	(13,250)	(34,621)	(9,734)
Closing contributions	748,952	1,391	6,299	756,642	761,214

⁽¹⁾ Capital contributions include land held at its historical cost of \$71.26 million.

Provincial contributions are capital and operating contributions from PavCo's shareholder and are segregated based on shareholder direction on the use of funds.

As a result of an accounting policy change (Note 4), the previous write down of BC Place was reversed, and net provincial contributions increased by \$59.1 million for fiscal 2010 (2009 - \$61.7 million).

Capital is funding received for asset acquisition and capital construction projects at PavCo's facilities. Funding for sustaining operations includes amounts to support ongoing operations, as well as sales and marketing initiatives at the Vancouver Convention Centre.

Other funding received in fiscal 2010 was specified for event readiness costs.

22. Operating Revenues and Direct Costs by Business Segment

	March 31 2010	March 31 2009
Operating Revenues		
Vancouver Convention Centre	23,291	17,707
BC Place	18,079	13,247
Corporate Office ⁽¹⁾	233	1,185
	41,603	32,139

➤ Corporate office revenues consist of interest earned on cash and investments and any fair value adjustment on the investments.

	March 31 2010	March 31 2009
Direct Costs		
Vancouver Convention Centre	10,824	9,793
BC Place	12,455	7,050
	23,279	16,843

23. Event Readiness Expenses

PavCo received a \$19.7 million grant from the Province of British Columbia for event readiness costs related to improvements and upgrades to BC Place (Note 21).

24. Change in Non-cash Working Capital

	March 31 2010	March 31 2009
Receivables	2,543	1,387
Prepays	(3,101)	(1,167)
Trade payables and accrued liabilities	(36,031)	19,127
	(36,589)	19,347

Receivables include any changes in amounts due from the Province of British Columbia and the Government of Canada.

25. Environmental Costs

PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to PavCo.

26. Employee Benefits Plan

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension (Plan) is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2008) disclosed an actuarial surplus. The next full actuarial valuation will be at March 31, 2011.

Contributions to the Plan by PavCo for fiscal 2010 were \$970 thousand (2009 - \$732 thousand).

27. Commitments

a) Construction

PavCo is committed to completing upgrades and renovations to the Vancouver Convention Centre east facility (VCC) as part of the \$883.2 million expansion project, and complete construction on a retractable roof at BC Place stadium within its \$563.0 million approved budget.

At March 31, 2010, the Corporation has committed to future expenditures under contracts currently entered into with respect to the above construction obligations:

Fiscal 2011	\$233.0 million
Fiscal 2012	\$ 56.1 million

27. Commitments (cont.)

b) *Operating leases*

The Corporation is committed to payments under several operating leases, the longest of which extends to 2020. These represent total commitments of \$10.3 million as follows:

Fiscal 2011	\$ 6.1 million
Fiscal 2012	\$ 3.5 million
Fiscal 2013	\$ 0.2 million
Fiscal 2014	\$ 0.1 million
Fiscal 2015	\$ 0.1 million
Fiscal 2016 and beyond	\$ 0.3 million

c) *Lands to be leased to third parties*

Under the terms of an agreement for the parcel of land to the west of BC Place leased to a third party commencing in 2013, PavCo is not permitted to abandon BC Place, or to allow it to fall into material disrepair during the first 40 years of the lease term.

28. Contingent Liabilities

The Corporation has issued Letters of Credit to the following:

	Value (in \$)	Expiry Date
City of Vancouver:		
Thurlow Street viaduct warranty costs	\$211,940	October 20, 2010
Department of Fisheries and Oceans Canada:		
Habitat compensation and monitoring	\$100,000	September 3, 2010

The Letters of Credit include an annual auto-renewal clause, unless cancelled prior to the expiry date.

29. Related Party Transactions

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

	March 31 2010	March 31 2009
Amounts included in :		
Assets		
Accounts receivable	-	209
Due from Province of British Columbia	6,500	-
Capital Assets	33	1
Liabilities		
Accounts payable	563	229
Long term debt	29,731	143
Deferred revenue	3,600	4,013
Equity		
Provincial contributions	756,642	761,214
Operations		
Revenues	767	466
Staffing	103	104
Fees	149	73
General & administrative costs	30	18
Business development	-	5
Operations	1,755	1,062

30. Comparative Numbers

Certain comparative numbers may have been restated to conform to the financial statement presentation used in the current year.