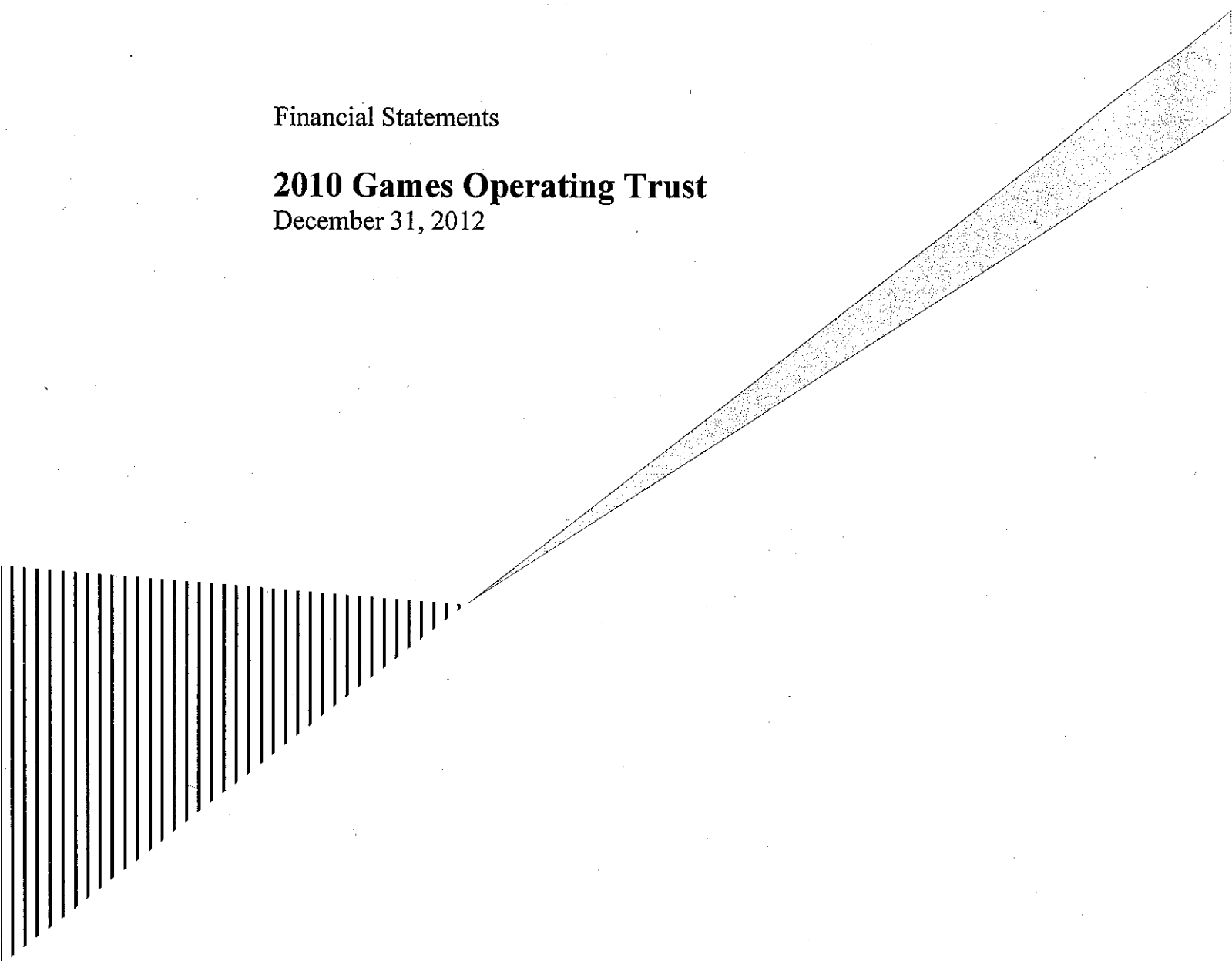


Financial Statements

2010 Games Operating Trust
December 31, 2012



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, 2012 and the statements of operations and changes in fund balances and cash flows for the year then ended, 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, Canada,
May 30, 2013.

Ernst & Young LLP

Chartered Accountants

2010 Games Operating Trust

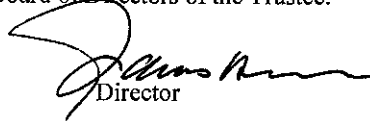
STATEMENT OF FINANCIAL POSITION

As at December 31

	2012	2011
	\$	\$
ASSETS		
Cash and cash equivalents	47,511	86,142
Dividends and interest receivable	85,834	77,223
Other assets	18,139	—
Investments <i>[note 3]</i>	113,632,016	109,965,722
Total assets	113,783,500	110,129,087
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to 2010 Games Operating Trust Society <i>[note 4]</i>	64,072	64,069
Distributions payable <i>[note 6]</i>	5,640,584	5,561,325
Total liabilities	5,704,656	5,625,394
Fund balances <i>[note 7]</i>		
Speed Skating Oval Fund	41,746,272	40,359,549
Whistler Sliding Centre and Nordic Centre	41,642,711	40,268,525
Contingency Fund	24,689,861	23,875,619
Total fund balances	108,078,844	104,503,693
Total liabilities and fund balances	113,783,500	110,129,087

See accompanying notes

On behalf of the Board of Directors of the Trustee:


Director


Director

2010 Games Operating Trust

STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCES

Year ended December 31

	2012	2011
	\$	\$
REVENUES		
Investment income		
Interest and dividends	3,831,140	3,914,987
Realized losses on sale of investments	(108,718)	(1,179,823)
Unrealized gains (losses) on investments	5,842,014	(1,477,753)
Other income <i>[note 2]</i>	55,863	74,674
Total revenues	9,620,299	1,332,085
EXPENSES <i>[note 4]</i>		
Legal	14,041	32,441
Investment advisory	19,555	49,845
Investment management	266,063	284,472
Administration	17,064	13,927
Audit	17,728	16,547
Custodial services <i>[note 2]</i>	55,863	74,542
Director and officers' insurance	14,250	15,000
Total expenses	404,564	486,774
Excess of revenues over expenses for the year	9,215,735	845,311
Fund balances, beginning of year	104,503,693	109,219,707
Distributions <i>[note 6]</i>	(5,640,584)	(5,561,325)
Fund balances, end of year	108,078,844	104,503,693

See accompanying notes

2010 Games Operating Trust

STATEMENT OF CASH FLOWS

Year ended December 31

	2012	2011
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	9,215,735	845,311
Add (deduct) items not affecting cash		
Realized losses on sale of investments	108,718	1,179,823
Unrealized (gains) losses on investments	(5,842,014)	1,477,753
Changes in operating assets and liabilities		
Dividends and interest receivable	(8,611)	(13,440)
Other assets	(18,139)	10,794
Due to 2010 Games Operating Trust Society	3	(22,979)
Cash provided by operating activities	3,455,692	3,477,262
INVESTING ACTIVITIES		
Acquisition of investments at cost	(47,626,131)	(62,649,463)
Proceeds on disposition of investments	49,693,133	64,495,211
Cash provided by investing activities	2,067,002	1,845,748
FINANCING ACTIVITIES		
Distributions paid during the year	(5,561,325)	(5,430,880)
Cash used in financing activities	(5,561,325)	(5,430,880)
Net decrease in cash and cash equivalents	(38,631)	(107,870)
Cash and cash equivalents, beginning of year	86,142	194,012
Cash and cash equivalents, end of year	47,511	86,142

See accompanying notes

2010 Games Operating Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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 \$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"].

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 seven members, one appointed from each of Canada, British Columbia, the Canadian Olympic Committee, the Canadian Paralympic Committee, the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games ["VANOC"], the City of Richmond and the Resort Municipality of Whistler.

The settlement of the Trust established the Legacy Endowment Fund 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 Sport Legacies Society [previously operated by VANOC]. The Trust Agreement provided 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

December 31, 2012

The Speed Skating Oval Fund and the Whistler Sliding Centre and Nordic Centre Fund provides 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are reported in Canadian dollars and have been prepared in accordance with Part III of the Canadian Institute of Chartered Accountants Handbook – *Accounting Standards for Not-for-Profit Organizations*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada [“GAAP”]. 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. 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

December 31, 2012

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, 2012, \$55,863 [2011 - \$74,542] of value-in-kind services received from a Canadian Trust company has been recorded in other income and as custodial services expense.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and all highly liquid investments with an original maturity of 90 days or less unless they are held for investment purposes, in which case they are classified as investments.

Financial instruments

It is the Trustee's opinion that the Trust is subject to interest rate, 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.

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 closing 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. Investments denominated in foreign currencies are translated into Canadian dollars at rates of exchange at the year end.

Investment transactions are recorded on a trade 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.

Comparative amounts

Certain of the comparative amounts have been reclassified to conform to the presentation adopted in the current year.

2010 Games Operating Trust

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

3. INVESTMENTS

The Trust's investments are as follows:

	2012	2011
	\$	\$
Cash held by investment managers	<u>1,885,196</u>	<u>2,391,132</u>
Fixed income		
Government and corporate bonds	38,967,136	42,168,063
Mortgages	<u>6,127,187</u>	<u>5,731,954</u>
Total fixed income	<u>45,094,323</u>	<u>47,900,017</u>
Equities		
Canadian	26,906,859	22,848,026
United States and other International	<u>39,745,638</u>	<u>36,826,547</u>
Total equities	<u>66,652,497</u>	<u>59,674,573</u>
Total investments	<u>113,632,016</u>	<u>109,965,722</u>

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, 2012, the Trust was charged \$348,701 [2011 - \$412,232] by the Trustee, for the recovery of expenses incurred on the Trust's behalf. As at December 31, 2012, the amount payable to the Trustee was \$64,072 [2011 - \$64,069].

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

December 31, 2012

5. CAPITAL DISCLOSURES

The Trust manages 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]*.

On a quarterly basis, the Trust monitors its investment performance and its actual operating results compared to budget. As at December 31, 2012, the Trust has met its capital management objectives.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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)	—
As at December 31, 2007	4,142,323	(2,192,490)	1,949,833	4,142,323	(2,192,490)	1,949,833	8,284,646	(4,384,980)	3,899,666
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)	—
As at December 31, 2008	6,639,388	(4,142,323)	2,497,065	6,639,388	(6,639,388)	—	13,278,776	(10,781,711)	2,497,065
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	—	—
As at December 31, 2009	11,177,643	(8,872,847)	2,304,796	11,069,740	(8,872,847)	2,196,893	22,247,383	(17,745,694)	4,501,689
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	—	—
As at December 31, 2010	13,917,041	(11,177,643)	2,739,398	13,761,222	(11,069,740)	2,691,482	27,678,263	(22,247,383)	5,430,880
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	—	—
As at December 31, 2011	16,701,678	(13,917,041)	2,784,637	16,537,910	(13,761,222)	2,776,688	33,239,588	(27,678,263)	5,561,325
Distribution paid June 20, 2012	—	(2,784,637)	—	—	(2,776,688)	—	—	(5,561,325)	—
Distribution declared November 26, 2012	2,823,239	—	—	2,817,345	—	—	5,640,584	—	—
As at December 31, 2012	19,524,917	(16,701,678)	2,823,239	19,355,255	(16,537,910)	2,817,345	38,880,172	(33,239,588)	5,640,584

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 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

7. SCHEDULE OF FUND BALANCES

	Year ended December 31, 2012									
	Speed Skating Oval Fund			Whistler Sliding Centre and Nordic Centre Fund			Contingency Fund			Total \$
	Income \$	Capital \$	Total \$	Income \$	Capital \$	Total \$	Income \$	Capital \$	Total \$	
REVENUES										
Investment income:										
Interest and dividends	1,482,651	—	1,482,651	1,474,989	—	1,474,989	873,500	—	873,500	3,831,140
Realized losses on sale of investments	—	(42,074)	(42,074)	—	(41,856)	(41,856)	—	(24,788)	(24,788)	(108,718)
Unrealized gains on investments	—	2,260,859	2,260,859	—	2,249,175	2,249,175	—	1,331,980	1,331,980	5,842,014
Other income	21,619	—	21,619	21,507	—	21,507	—	—	—	—
Total revenues	1,504,270	2,218,785	3,723,055	1,496,496	2,207,319	3,703,815	886,237	1,307,192	2,193,429	9,620,299
EXPENSES										
Legal	5,434	—	5,434	5,406	—	5,406	3,201	—	3,201	14,041
Investment advisory	7,567	—	7,567	7,529	—	7,529	4,459	—	4,459	19,555
Investment management	102,967	—	102,967	102,434	—	102,434	60,662	—	60,662	266,063
Administration	6,603	—	6,603	6,570	—	6,570	3,891	—	3,891	17,064
Audit	6,861	—	6,861	6,825	—	6,825	4,042	—	4,042	17,728
Custodial services	21,619	—	21,619	21,507	—	21,507	12,737	—	12,737	55,863
Director and officers' insurance	5,515	—	5,515	5,486	—	5,486	3,249	—	3,249	14,250
Total expenses	156,566	—	156,566	155,757	—	155,757	92,241	—	92,241	404,564
Excess of revenues over expenses for the year	1,347,704	2,218,785	3,566,489	1,340,739	2,207,319	3,548,058	793,996	1,307,192	2,101,188	9,215,735
Fund balance, beginning of year	—	40,359,549	40,359,549	—	40,268,525	40,268,525	—	23,875,619	23,875,619	104,503,693
Transfers from capital	832,062	(832,062)	—	833,133	(833,133)	—	492,950	(492,950)	—	—
Transfers from contingency	643,473	—	643,473	643,473	—	643,473	(1,286,946)	—	(1,286,946)	—
Distributions	(2,823,239)	—	(2,823,239)	(2,817,345)	—	(2,817,345)	—	—	—	—
Fund balance, end of year	—	41,746,272	41,746,272	—	41,642,711	41,642,711	—	24,689,861	24,689,861	108,078,844
Percentages of weighted average fund balances during the year ended December 31, 2012 [including distributions payable]			38.70%			38.50%			22.80%	100.00%
Percentages of fund balances as at December 31, 2012 [including distributions payable]			38.70%			38.50%			22.80%	100.00%