



December 18, 2007  
VANOC first quarter  
report for the 2007/08  
fiscal year

## Interim Financial Statements

Vancouver Organizing Committee for the  
2010 Olympic and Paralympic Winter Games  
*For the three months ended October 31, 2007*

Table of Contents

Management Discussion and Analysis	3
Unaudited Interim Financial Statements For the three months ended October 31, 2007	16

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTRODUCTION

On July 2, 2003, the City of Vancouver was awarded the right to host the 2010 Olympic and Paralympic Winter Games (the “Games”) by the International Olympic Committee (“IOC”) based in part on the efforts of the Vancouver 2010 Bid Corporation (the “Bid Corporation”). The Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (“VANOC”) was organized as a not-for-profit company without share capital under Part II of the Canada Corporations Act on September 30, 2003 and registered extra-provincially under the BC Society Act. VANOC is exempt from income taxes under the Income Tax Act (Canada).

VANOC’s mandate is to support and promote the development of sport in Canada by planning, organizing, financing and staging the Games.

### MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis refers to the discussion and analysis of VANOC’s deferred operating revenues and expenses, venue development activities and financial position. The figures are expressed in Canadian dollars, unless otherwise indicated. This section should be read in conjunction with the unaudited interim financial statements of VANOC for the three months ended October 31, 2007 also included in this quarterly report. These unaudited interim financial statements have been prepared on a basis consistent with the annual audited financial statements for the year ended July 31, 2007 (available at [vancouver2010.com](http://vancouver2010.com)), and are in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial information.

This Management Discussion and Analysis contains historical information, descriptions of current circumstances and forward-looking statements, including statements regarding the business and anticipated financial performance of VANOC. These forward-looking statements are presented to provide reasonable guidance to the reader, but the accuracy of these statements depends on a number of assumptions and they are subject to various risks and uncertainties. These risks and uncertainties may cause actual results to differ materially from those contemplated in the forward-looking statements. VANOC undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

The results of deferred operating revenues and expenses and venue development activities included in this discussion and analysis are presented for the three months ended October 31, 2007 with comparative figures for the preceding three months ended July 31, 2007. As VANOC has an extended operating cycle with a steep growth curve, management has also elected to report its results on a project to date basis as it is believed this provides meaningful cumulative information to the readers of the accompanying interim financial statements and this discussion and analysis.

The results of deferred operating revenues and expenses activities are recorded in the periods received or incurred and deferred over the extended operating cycle which concludes in 2010 with the staging of the Games. Accordingly, no amounts are reflected in the accompanying interim financial statements as prepayments and no assets have been amortized or depreciated through this extended operating cycle as they will be expensed with the staging of the Games in 2010.

The following discussion and analysis comprises seven sections:

1. Deferred Operating Revenues and Expenses
2. Venue Development Activities
3. Liquidity, Capital Resources and Financial Condition
4. Financial Instruments and Foreign Currency Management
5. Risks
6. Transactions with Related Parties
7. Outlook

## 1. DEFERRED OPERATING REVENUES AND EXPENSES

The excess of deferred operating revenues over deferred expenses was \$0.3 million for the three months ended October 31, 2007 compared to a deficiency of \$33.7 million for the three months ended July 31, 2007. It is typical in Games Organizing Committees for an excess or a deficiency to arise and fluctuate as the timing of the receipt of revenues and the payment of expenses is dependent on specific contracts and does not follow a regular business cycle.

### *Deferred Revenues*

Net deferred revenues were \$6.7 million and \$16.7 million for the three months ended October 31, 2007 and July 31, 2007, respectively. Deferred revenues for the three months ended October 31, 2007 include IOC international sponsorship revenues of \$2.0 million, domestic sponsorship revenue of \$4.3 million and other revenues of \$1.4 million, less marketing royalties of \$1.0 million.

The decrease in deferred operating revenues of \$10.0 million is primarily due to the receipt of several large milestone domestic sponsorship payments during the preceding quarter.

### *IOC International Sponsorship*

VANOC receives a portion of the proceeds the IOC collects under its international sponsorship program known as TOP (The Olympic Partner Programme). Under this program, VANOC receives cash, value-in-kind ("VIK") or both. To date, VANOC has only received goods and/or services as VIK under the TOP program. IOC international sponsorship revenues for the three months ended October 31, 2007 and July 31, 2007, as well as the project to date, are as follows:

<i>IOC International Sponsorship</i> <i>(in thousands of Canadian dollars)</i>	Three months ended October 31, 2007	Three months ended July 31, 2007	Cumulative period from September 30, 2003 (incorporation) to October 31, 2007
Cash	-	-	-
VIK	\$2,031	\$4,848	\$11,992
Total IOC International Sponsorship	<u>\$2,031</u>	<u>\$4,848</u>	<u>\$11,992</u>

*Domestic Sponsorship*

Domestic sponsorship revenues for the three months ended October 31, 2007 and July 31, 2007 were as follows:

<i>Domestic Sponsorship</i> <i>(in thousands of Canadian dollars)</i>	Three months ended October 31, 2007	Three months ended July 31, 2007	Cumulative period from September 30, 2003 (incorporation) to October 31, 2007
Cash	\$1,738	\$6,399	\$124,095
VIK	2,518	4,389	21,094
<b>Total Domestic Sponsorship</b>	<b><u>\$4,256</u></b>	<b><u>\$10,788</u></b>	<b><u>\$145,189</u></b>

VANOC enters into arrangements with sponsors for the use of VANOC's marketing rights and other assets in exchange for cash, VIK, or both. Domestic sponsorship revenue has decreased over the prior quarter as several large milestone payments from existing sponsors were received during the three months ended July 31, 2007. Domestic VIK revenue recorded during the quarter, of \$2.5 million, included a variety of goods and services contributed from VANOC sponsors, supporters and suppliers.

*Licensing & Merchandising*

VANOC also enters into licensing arrangements for the supply and sale of licensed merchandise bearing Vancouver 2010 and Canadian Olympic Committee ("COC") marks in exchange for royalties on merchandise sold. Licensed merchandise revenue increased to \$0.9 million this quarter, compared to \$0.6 million in the previous quarter. During the current quarter, VANOC welcomed both Natural Color Productions and Trends International Corp. as licensees in the calendars, posters and postcards product categories. This brings the total number of licenses awarded to 28.

*Marketing Royalties*

Marketing royalties paid or payable totalled \$1.0 million and \$0.6 million for the three months ended October 31, 2007 and July 31, 2007, respectively. These royalty payments are in respect of sponsorship and licensing revenue received by VANOC. The increase of \$0.4 million, compared to the preceding quarter, is primarily due to management fees payable to the IOC under the international sponsorship program.

***Deferred Expenses***

Deferred expenses were \$6.4 million and \$50.4 million for the three months ended October 31, 2007 and July 31, 2007, respectively. A major component of deferred expenses is the foreign exchange gain, which is primarily composed of the unrealized gains and losses on the change in the fair value of VANOC's forward foreign exchange contracts.

Excluding the impact of foreign exchange, deferred operating expenses were \$25.7 million for the quarter ended October 31, 2007, and \$55.7 million for the quarter ended July 31, 2007. The decrease over the preceding quarter is the result of lower spending in three divisions, Technology; Finance; and Sport, Paralympics and Venue Management. Each of these divisions had large one-time expenditures in the previous quarter.

*Revenue, Marketing and Communications*

Deferred expenses in Revenue, Marketing and Communications were \$3.1 million and \$2.9 million for the three months ended October 31, 2007 and July 31, 2007, respectively. These expenses consisted primarily of sponsorship sales and service activities, communications events, brand and creative services, and sponsor planning and recognition activities.

*Sport, Paralympics and Venue Management*

Deferred expenses in Sport, Paralympics and Venue Management were \$3.8 million and \$22.5 million for the three months ended October 31, 2007 and July 31, 2007, respectively. The previous quarter had a one-time expense of \$18.6 million associated with the GM Place payment. Excluding the GM Place payment made in the previous quarter, expenditures this quarter were consistent and relate to activities associated with travel to sport-related and Olympic events; preparation for Sport Events, including the 2008 FIS Alpine World Cup; and Games-time operations.

*Service Operations and Ceremonies*

Deferred Service Operations and Ceremonies expenses were \$4.3 million and \$3.2 million for the three months ended October 31, 2007 and July 31, 2007 respectively. The increase in expenditures over the preceding quarter results from an increased level of planning activity in this area.

*Technology*

Deferred Technology expenses were \$7.5 million and \$15.1 million for three months ended October 31, 2007 and July 31, 2007, respectively. Expenditures this quarter were down over the previous quarter reflecting one-time expenditures in the previous three months. This division continues to focus on delivering technology requirements to the VANOC team, and on planning for the technical infrastructure requirements that will be needed for upcoming sport events and the 2010 Winter Games.

*Workforce and Sustainability*

Deferred Workforce and Sustainability expenses were \$4.3 million and \$4.1 million for the three months ended October 31, 2007 and July 31, 2007 respectively. The small increase in expenses in this division can be attributed to the growth of the organization and preparations for the increased hiring activity that will occur in the coming months.

*Finance*

Deferred Finance expenses were \$2.7 million and \$7.8 million for the three months ended October 31, 2007 and July 31, 2007 respectively. Expenses decreased for the quarter ended October 31, 2007 as the previous three months include expenses related to the completion of leasehold improvements to the second building at the VANOC offices. Generally, these expenses consisted of the cost of operating VANOC's office and financial systems, interest and banking charges, insurance and legal fees.

*Foreign Exchange (Gain) Loss, net*

The net foreign exchange gain was \$19.3 million for the three months ended October 31, 2007. This compares to a gain of \$5.3 million for the three months ended July 31, 2007.

The \$19.3 million net gain for the current quarter is comprised almost entirely of the change in the fair value of outstanding forward foreign exchange contracts. At the last valuation date of July 31, 2007, the fair value of the contracts was an asset of \$4.5 million. Due predominantly to movements in the US/Canadian exchange rate, as at October 31, 2007, the fair value of the contracts was an asset of \$25.1 million, resulting in an unrealized gain of \$20.6 million. This unrealized gain is offset by a realized foreign exchange loss on the US dollar bank account.

## 2. VENUE CONSTRUCTION ACTIVITIES

Venue construction activities continued to be a focus in this quarter. More than two years before the Games, construction at the mountain venues has been completed, and the venues are on budget. Plans are underway to transition operational responsibility for these venues from the VANOC Venue Construction division to the VANOC Sport division. All of the city venues are progressing well. In total, the deficiency of revenues over expenses for venue development activities was \$0.5 million for the three months ended October 31, 2007. This compares to an excess of \$2.7 million for the three months ended July 31, 2007 and a cumulative excess of \$23.2 million on a project-to-date basis. These excesses and deficiencies are due largely to the timing of the receipt of venue construction funds, as compared to the timing of related expenditures.

### **Revenues**

#### *Government Contributions*

Government contributions were \$61.3 million and \$59.9 million for the three months ended October 31, 2007 and July 31, 2007, respectively. The current quarter contributions were comprised of amounts received from Canada, of \$50.5 million, and \$10.8 million from BC. The government contributions received from Canada are made pursuant to annual contribution agreements between VANOC and Canada, while the funding received from BC is made pursuant to specific venue funding agreements.

On a project-to-date basis, received or receivable venue construction funding from BC totals \$203 million, while funding from Canada totals \$241 million. For the development of the Games venues, Canada and BC have agreed to each contribute up to \$290 million for a total of \$580 million.

#### *Domestic Sponsorship*

VIK contributions from Vancouver 2010 sponsors, made pursuant to marketing agreements between VANOC and its commercial partners that are used in the venue construction program, are recorded as both revenue and expenditures in the venue construction fund. During both the three months ended October 31, 2007, and the three months ended July 31, 2007, such transactions totalled \$1.2 million net of marketing rights royalties. The contributions are comprised mainly of fuel, vehicles and building materials.

#### *Interest and Other Income*

Interest and other income was \$0.4 million for the three months ended October 31, 2007, an increase of \$0.2 million over the three months ended July 31, 2007. Interest income in the venue construction fund is received on positive cash balances and on restricted cash contributions from BC.

## **Expenses**

Expenses related to venue construction totalled \$63.3 million for the three months ended October 31, 2007, and \$58.6 million for the three months ended July 31, 2007. As expected, the largest expenditures were incurred at the outdoor venues. As at October 31, 2007, spending on the overall venue construction program has now reached \$427.9 million on a project-to-date basis.

### *Cypress Mountain*

Expenses related to Cypress Mountain were \$4.4 million and \$5.7 million for the three months ended October 31, 2007 and July 31, 2007, respectively. This spending can be attributed mainly to site completion work for the snowboard course.

### *Hillcrest/Nat Bailey Stadium Park*

Expenses related to the Hillcrest/Nat Bailey Stadium Park were \$2.7 million and \$3.3 million for the three months ended October 31, 2007 and July 31, 2007, respectively. Expenses incurred at this venue were relatively constant with those of the preceding three-month period.

### *Pacific Coliseum*

Expenses related to Pacific Coliseum were \$3.9 million and \$4.1 million for three months ended October 31, 2007 and July 31, 2007, respectively. Expenditures included ice refrigeration plant improvements and upgrades to washroom facilities and concessions.

### *Richmond Oval*

Expenses related to the Richmond Oval were \$3.8 million for the three months ended October 31, 2007 and \$4.7 million for the three months ended July 31, 2007. These expenses can be attributed to VANOC's share of the expenditures incurred to date at the venue pursuant to the venue agreement between VANOC and the City of Richmond.

### *Whistler Athletes' Centre*

Expenses related to the Whistler Athletes' Centre were \$0.6 million for the three months ended October 31, 2007 and \$0.4 million for the three months ended July 31, 2007. Construction is now actively underway as site servicing has commenced.

### *Whistler Creekside*

Expenses related to Whistler Creekside remained consistent with the previous quarter, with \$4.5 million in expenses for the three months ended October 31, 2007 and \$4.6 million for the three months ended July 31, 2007. These expenses are attributed to the acquisition and installation of materials and snowmaking equipment.

### *Whistler Olympic Park (formerly known as the Whistler Nordic Venue)*

Expenses related to the Whistler Olympic Park were \$25.0 million for the three months ended October 31, 2007, \$16.7 million for the three months ended July 31, 2007, and now total \$101.0 million on a project-to-date basis. Spending during this quarter related mainly to construction of the on-site buildings and the Nordic recreational trails. The venue became operational as of December 15th.

*The Whistler Sliding Centre*

Expenses related to The Whistler Sliding Centre remained consistent and were \$17.5 million for the three months ended October 31, 2007 compared to \$17.7 million for the three months ended July 31, 2007. Project-to-date expenditures now total \$93.4 million. In this quarter, spending focused on the completion of the track structure and support buildings as this venue prepares to be operational in early 2008.

*Interest and Carrying Charges*

Interest and carrying charges for the three months ended October 31, 2007 remained comparable to the three months ended July 31, 2007, at \$0.2 million. Interest and carrying charges for the venue construction fund are incurred on the Capital Credit Facility, used to fund venue development activities prior to VANOC receiving payment from its government partners. The Capital Credit Facility is more fully discussed in note 4 to the accompanying unaudited interim financial statements.

**3. LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL CONDITION**

VANOC's operating activities are financed by its revenues from sponsorships, broadcasting, ticketing and other sources related to the marketing and merchandising of the Games. VANOC's venue construction activities are financed by contributions from Canada and BC. As at October 31, 2007, VANOC had cash and restricted cash balances of \$39.0 million. At the end of the quarter, there were no borrowings against the operating facility or the capital facility.

Cash used in venue construction and operating activities was \$9.3 million and \$19.3 million for the three months ended October 31, 2007 and July 31, 2007, respectively. The activity in the venue construction fund was a use of \$0.5 million in cash during the three months ended October 31, 2007, which compares to the venue fund being a source of cash of \$2.7 million in the three months ended July 31, 2007. The fluctuation is largely attributed to the timing of the receipt of government funding for the venue program. Government venue contribution payments received were VANOC's primary source of cash resources in the quarter. The remaining net sources and uses of cash in venue development and operating activities resulted from relative changes in working capital balances, primarily made up of other receivables and deposits, accounts payable and accrued liabilities.

Cash provided by investing and financing activities was \$2.9 million for the three months ended October 31, 2007. This compares to cash used in investing and financing activities of \$12.2 million in the three months ended July 31, 2007. The use of cash is primarily reflected in an increase in the restricted cash balance.

Working capital requirements arise from the timing differences between the receipt and use of funds and are financed through term credit facilities that provide for VANOC to borrow up to \$75.0 million for its operating requirements and \$20.0 million for its venue development requirements. Restricted cash balances of \$16.7 million consist of \$2.2 million for the Pacific Coliseum and \$14.5 million related to restricted lien holdback amounts.

VANOC has material commitments with respect to its operations and venue development activities, as referenced in the accompanying unaudited interim financial statements. VANOC believes that future cash flows from sponsorship, licensed merchandise, broadcasting, government contributions and other sources, along with the borrowing capacity available under the existing term credit facilities, will provide sufficient funds to meet cash requirements. While the existing term credit facilities are repayable on the earlier of March 31, 2010, or upon receipt by VANOC of the final payment of the IOC contribution,

VANOC believes it has secured sufficient credit facilities in order to finance its future operations for the planning, organizing and staging of the 2010 Winter Games.

#### 4. FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY MANAGEMENT

VANOC's financial instruments consist of cash, restricted cash, accounts receivable, refundable deposits, an operating and a capital term credit facility, accounts payable and accrued liabilities and forward foreign exchange contracts. The fair values of these financial instruments approximate their carrying values. VANOC's interest rate and credit risk on these instruments is considered to be minimal.

VANOC expects to receive a significant portion of its revenues related to broadcasting and certain other sources in foreign currencies, primarily the US dollar and the Euro. VANOC's policy is to manage its known net foreign currency cash inflows with a primary objective to protect against the risk of appreciation of the Canadian dollar relative to these foreign currencies. VANOC does not enter into derivative transactions for speculative or trading purposes. VANOC has been able to confirm the details of future net cash inflows in the amount of US\$177 million and EUR40 million, and has entered into forward foreign exchange option contracts to sell these foreign denomination cash flows at specified future dates through to March 2009. The "downside" weighted average rates protected with these forward contracts are at 1.083 for US dollars and 1.409 for Euros. The forward option contracts also provide for participation, within defined limits, in the benefit of a depreciation of the Canadian dollar. The structure of this participation is described more fully in note 5 to the accompanying unaudited interim financial statements.

#### 5. RISKS

As is typical for an Organizing Committee at this stage, VANOC has some exposure to the following primary risks in achieving its strategic objectives and mandate:

*Financial Risks:* VANOC is dependent upon receiving revenues from its senior government partners (BC and Canada) to finance the cost of venue development activities, projected to be \$580 million, after a VIK contribution from VANOC of \$11.8 million. With a current contingency of \$27.05 million, management considers the venue program fully funded and is confident of completing the venue program at a cash cost at, or under, \$580 million.

The majority of operating revenues to be received consist of the IOC contribution relating to broadcasting revenues, the IOC international sponsorship program, domestic sponsorships, licensing and merchandising sales and event ticket sales. The amount of international and domestic sponsorship revenue is dependent upon negotiations with third parties and, as such, the total value is not confirmed at this time.

In addition, as a portion of VANOC's revenue is received in foreign currencies, the risk of continued appreciation of the Canadian dollar is being managed through the use of forward foreign exchange contracts for all known and confirmed future cash inflows. Finally, given the nature of the Games, VANOC faces some risk of unanticipated costs in staging the Games. VANOC's business plan includes a contingency to address such risks.

*Performance Risks:* VANOC has an active risk management program in place. Where practical and possible, risks and uncontrollable conditions, such as weather, are incorporated into planning activities and mitigation strategies are adopted.

*Reputation Risks:* VANOC's reputation must be maintained to the highest standard so as to give confidence to its partners, sponsors and other stakeholders, and to maintain the public's trust. VANOC maintains active risk management and internal audit programs to provide assurance to senior management and the Board that business policies, procedures and processes are adequate to protect against reputational risks.

## 6. TRANSACTIONS WITH RELATED PARTIES

VANOC is a party to the Multiparty Agreement with, and its Board of Directors includes, persons appointed by Canada, BC, the Resort Municipality of Whistler (RMOW), the City of Vancouver, the Canadian Paralympic Committee and the Canadian Olympic Committee. As well, the Lil'wat and Squamish First Nations act together to appoint a person to the VANOC Board of Directors. VANOC considers certain of these parties to be related for financial statement purposes, and, from time to time in the normal course of operations, VANOC may enter into transactions with these parties.

## 7. OUTLOOK

Milestone activities in all of VANOC's major functional areas are increasing as the Games approach. Athletes will soon be able to train locally for the 2010 Winter Games as construction of five sport venues will be substantially complete by the end of 2007, including all three Whistler-based competition venues. Plans are also well underway for several key public events in early 2008, including the launch of the 2008 Cultural Olympiad on February 1, the Call for Volunteers on February 12 and an array of exciting two-year countdown celebration activities. The 6<sup>th</sup> IOC Coordination Commission meeting will be held in February, highlighted by a visit from IOC President Jacques Rogge.

### *Business Plan*

VANOC's \$1.63 billion operating budget is summarized below, together with VANOC's current and project-to-date revenues and expenditures in each category:

*(in thousands of Canadian dollars)*

<b>Operating Revenues</b>	<b>Three months ended October 31, 2007</b>	<b>Project to date October 31, 2007</b>	<b>Games Operating Budget</b>
IOC Contribution, net	-	\$93,687	\$401,700
Other IOC Revenue	-	-	35,000
IOC International Sponsorship	\$2,031	11,992	201,404
Domestic Sponsorship	4,256	145,189	760,000
Ticketing	-	-	231,854
Licensing and Merchandising	892	6,262	46,026
Paralympic Revenue	-	-	40,000
Other	550	3,966	110,502
<b>Subtotal</b>	<b>7,729</b>	<b>261,096</b>	<b>1,826,486</b>
Less: Marketing rights royalties	(1,041)	(40,022)	(197,217)
<b>Total Operating Revenues</b>	<b>\$6,688</b>	<b>\$221,074</b>	<b>\$1,629,269</b>

(in thousands of Canadian dollars)

<b>Operating Expenditures</b>	<b>Three months ended October 31, 2007</b>	<b>Project to date October 31, 2007</b>	<b>Games Operating Budget</b>
Revenue, Marketing and Communications	\$3,054	\$23,676	\$126,427
Sport, Paralympics and Venue Management	3,799	34,502	186,436
Service Operations and Ceremonies	4,323	21,157	548,130
Technology	7,498	47,447	398,500
Workforce and Sustainability	4,315	41,401	153,144
Finance	2,712	52,598	116,632
Foreign Exchange (Gain) Loss	(19,302)	(20,752)	-
<b>Subtotal</b>	<b><u>\$6,399</u></b>	<b><u>\$200,029</u></b>	<b>1,529,269</b>
Contingency			100,000
<b>Total Operating Expenditures</b>			<b><u>\$1,629,269*</u></b>

\*See Section 5 – Financial Risks

## Venues

### Venue Construction Fund

Venue construction continues to be on time and on budget. VANOC has undertaken significant construction activity in order to maintain its venue construction schedule and meet major milestones. VANOC's project-to-date expenditures, together with the \$580 million venue program budget, are summarized as follows:

(in thousands of Canadian dollars)

<b>Venues constructed by partners with VANOC \$ contribution</b>	<b>Project to date October 31, 2007</b>	<b>Venue Budget</b>	<b>Anticipated Completion</b>
UBC Winter Sports Centre	\$35,022	\$38,445	Summer 2008
Richmond Oval	46,104	63,260	Fall 2008
Whistler Olympic/Paralympic Village	29,000	37,500	Fall 2009
Vancouver Olympic/Paralympic Village	30,000	30,000	Fall 2009
Training venues/other contributions	10,026	10,400	Fall/Winter 2008
<b>Subtotal</b>	<b><u>\$150,152</u></b>	<b><u>\$179,605</u></b>	

<b>Venues constructed/upgraded by VANOC</b>			
Hillcrest/Nat Bailey Stadium Park	\$18,942	\$40,250	Fall 2008
Whistler Athletes' Centre	6,063	46,000	Fall 2008
The Whistler Sliding Centre	93,359	104,900	**Completed
Whistler Olympic Park	100,998	119,740	**Completed
Cypress Mountain	14,331	16,650	**Completed
Whistler Creekside	25,159	27,635	**Completed
Pacific Coliseum	14,546	20,400	**Completed
Other	2,529	9,570	
<b>Subtotal</b>	<b>\$275,927</b>	<b>\$385,145</b>	
<b>Contingency</b>	<b>-</b>	<b>\$27,050</b>	
<b>Total Venue Expenditures</b>	<b><u>\$426,079</u></b>	<b>\$591,800</b>	
Interest and carrying charges	\$1,773	-	
<b>Total Venue Development Expenditures</b>	<b><u>\$427,852</u></b>	<b><u>\$591,800</u></b>	
<b>Less: Sponsor VIK contribution, net</b>	<b>\$(4,533)</b>	<b>\$(11,800)</b>	
<b>Total</b>	<b><u>\$423,319</u></b>	<b><u>\$580,000*</u></b>	

\*See Section 5 – *Financial Risks*

\*\*Venues substantially completed by end of calendar year 2007

Significant planning and analysis continues vis-à-vis projected venue costs and anticipated completion dates. A net increase of \$0.25 million to the central venue contingency was made during the quarter. The balance now remaining in the central venue contingency is \$27.05 million, within the allowable limits as defined in the Performance and Accountability Agreement between VANOC and the Province of British Columbia.

Venue budgets and anticipated completion dates are continually being evaluated as new information becomes available to ensure the overall venue program budget is maintained. VANOC remains confident that the venue development program will be completed at a cash cost that is at – or under – \$580 million.

The venue construction timeline will ensure that most venues are competition-ready two seasons before the Games. This will provide ample training time for Canadian athletes to become familiar with the venues prior to the Games. This schedule, which contains an inherent time contingency, provides for the earliest completion of competition venues in recent Games history and allows for venue readiness through Sport

Events and other training and competition in advance of the Games. In particular, VANOC looks forward to substantial completion of construction by the end of the 2007 calendar year on a number of venues, including:

- Whistler Olympic Park – complete venue, roads and sport buildings
- Cypress Mountain – complete snowboard and freestyle venue and snowmaking system
- Whistler Creekside – complete snowmaking system and course improvements
- Pacific Coliseum – complete renovations
- The Whistler Sliding Centre – track commissioning and completion of buildings

## *Sport*

VANOC is working with sport organizations to plan Sport Events for each of the sport disciplines. The goal of Sport Events is to test the venues, including field of play, technology, operating plans and workforce, prior to the Games.

## *Finance*

Plans are now underway for the next IOC Coordination Commission visit, to take place from February 26 to 28, 2008. IOC President Jacques Rogge is scheduled to attend the Commission meetings.

## *Workforce*

VANOC's team doubled in 2007 and employee engagement is very positive. On February 12, 2008, the "Call for Volunteers" will be issued for 25,000 volunteers to welcome the world to Canada. Members of the public who are interested in volunteering are able to sign up to receive volunteer updates through [vancouver2010.com](http://vancouver2010.com).

## *Revenue and Marketing*

Through the strong support of corporate Canada, VANOC exceeded its revenue target of \$65 million for 2007, reaching \$102.5 million for the year. VANOC has now entered into domestic sponsorship agreements worth approximately \$691 million in total, or 90.5 per cent of its overall \$760 million target.

Planning activities for VANOC's ticketing program continue in order to be ready for the launch of public ticket sales in October 2008.

In the early part of 2008, a full assortment of licensed merchandise will be made available broadly at retail locations across Canada, including toy, gift, specialty, duty free and sporting goods stores, in addition to Hbc stores, and online at [vancouver2010.com](http://vancouver2010.com) and at [hbc.com](http://hbc.com).

## *Cultural Olympiad*

The Vancouver 2010 Cultural Olympiad will showcase contemporary imagination through a series of three festivals of pop culture and fine arts that will reach more than two million spectators. Cultural Olympiad 2008, running from February 1 to March 21, 2008, launches this multi-year celebration. A similar program will take place in 2009, followed by the Olympic Arts Festival (January 22 to February 28, 2010) and the Paralympic Arts Festival (March 12 to 21, 2010). The three festivals, together, will deliver 160 days of celebration, with more than 1,000 performances – hundreds of them free of charge.

*Two-Year Countdown*

Plans are currently in development for two-year countdown activities in the Games region, with a particular focus on Vancouver, Whistler and Richmond. A highlight of the celebrations will be Cultural Olympiad 2008 programming, including a special concert to be held at the Orpheum Theatre in Vancouver on February 12. Discussions also continue regarding countdown events in Ottawa and Quebec City.

*Government Partners*

At the annual Council of the Federation meeting of Canada's 13 premiers, held in August 2007, VANOC Chief Executive Officer John Furlong officially signed four separate memoranda of understanding (MOUs) with the premiers of New Brunswick, Manitoba, Prince Edward Island and Newfoundland and Labrador to explore opportunities for cooperation and involvement leading up to and during the 2010 Winter Games. Each MOU identifies a number of potential areas for collaboration between the respective province and Vancouver 2010 that will help VANOC successfully deliver on its mission and vision to engage and benefit citizens across the country in the areas of sport development, culture, volunteerism, tourism and economic development. Earlier in the year, VANOC also signed MOUs with the three Northern Territories, on February 22, 2007.

Discussions are ongoing with the remaining provinces to identify areas of collaboration that will ensure all Canadians can be involved and inspired by the Games in 2010. The goal is to sign memoranda of understanding with all provinces and territories, so as to make the 2010 Winter Games truly *Canada's Games*.

Interim Financial Statements

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

Unaudited – in thousands of Canadian dollars  
For the three months ended October 31, 2007

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

**INTERIM STATEMENT OF FINANCIAL POSITION**

Unaudited

As at (in thousands of dollars)

	October 31, 2007	July 31, 2007
	\$	\$
<b>ASSETS</b>		
Cash	39,024	45,492
Restricted cash	16,701	19,929
Government contributions receivable	36,376	49,478
Other receivables	14,359	12,089
Refundable deposits	2,277	1,982
Fair value of forward contracts <i>[note 5]</i>	25,102	4,460
<b>Total assets</b>	<b>133,839</b>	<b>133,430</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Term credit facilities <i>[note 4]</i>	—	367
Accounts payable and accrued liabilities	89,596	88,639
Deferred operating revenues, net <i>[see accompanying Schedule of Deferred Operating Revenues and Expenses]</i>	21,045	20,756
<b>Total liabilities</b>	<b>110,641</b>	<b>109,762</b>
Commitments, contingencies and guarantees <i>[note 8]</i>		
<b>Fund balance</b>		
Venue development fund	23,198	23,668
<b>Total liabilities and fund balance</b>	<b>133,839</b>	<b>133,430</b>

*See accompanying notes*

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

**INTERIM STATEMENT OF VENUE DEVELOPMENT  
ACTIVITIES AND CHANGES IN FUND BALANCE**

Unaudited

(in thousands of dollars)

	Three months ended		Cumulative period from September 30, 2003 (incorporation) to
	October 31, 2007	July 31, 2007	October 31, 2007
	\$	\$	\$
<b>REVENUES</b>			
Government contributions			
Canada	50,470	38,320	240,985
British Columbia	10,785	21,525	202,980
Sponsorship revenues, net [notes 6 & 7]	1,230	1,243	4,533
Interest and other income	369	213	2,552
<b>Total revenues</b>	<b>62,854</b>	<b>61,301</b>	<b>451,050</b>
<b>EXPENSES</b>			
Cypress mountain	4,397	5,735	14,331
Hillcrest / Nat Bailey stadium park	2,698	3,263	18,942
Pacific coliseum	3,916	4,136	14,546
Richmond oval	3,756	4,716	46,104
Training venues	25	1	5,026
UBC winter sports centre	31	232	35,022
Vancouver Olympic / Paralympic village	—	—	30,000
Whistler athlete centre	611	439	6,063
Whistler broadcast and press centre	—	—	3,000
Whistler creekside	4,462	4,642	25,159
Whistler Olympic park	24,957	16,738	100,998
Whistler Olympic / Paralympic village	—	—	29,000
The Whistler sliding centre	17,496	17,681	93,359
Other	757	770	4,529
<b>Total venue expenses</b>	<b>63,106</b>	<b>58,353</b>	<b>426,079</b>
Interest and carrying charges	218	201	1,773
<b>Total venue development expenses</b>	<b>63,324</b>	<b>58,554</b>	<b>427,852</b>
<b>Excess (deficiency) of revenues over venue development expenses for the period</b>	<b>(470)</b>	<b>2,747</b>	<b>23,198</b>
Venue development fund, beginning of period	23,668	20,921	—
<b>Venue development fund, end of period</b>	<b>23,198</b>	<b>23,668</b>	<b>23,198</b>

See accompanying notes

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

**INTERIM SCHEDULE OF DEFERRED OPERATING  
REVENUES AND EXPENSES**

Unaudited

(in thousands of dollars)

	Three months ended		Cumulative period
	October 31, 2007	July 31, 2007	from September 30, 2003 (incorporation) to October 31, 2007
	\$	\$	\$
<b>DEFERRED OPERATING REVENUES</b>			
IOC contribution	—	—	93,687
IOC international sponsorship <i>[note 6]</i>	2,031	4,848	11,992
Domestic sponsorship <i>[note 6]</i>	4,256	10,788	145,189
Licensing and merchandising	892	572	6,262
Interest and other income	550	1,129	3,966
Marketing rights royalties <i>[note 7]</i>	(1,041)	(605)	(40,022)
<b>Total deferred operating revenues</b>	<b>6,688</b>	<b>16,732</b>	<b>221,074</b>
<b>DEFERRED EXPENSES</b>			
Revenue, marketing and communications	3,054	2,904	23,676
Sport, paralympics and venue management	3,799	22,534	34,502
Service operations and ceremonies	4,323	3,241	21,157
Technology	7,498	15,098	47,447
Workforce and sustainability	4,315	4,180	41,401
Finance	2,712	7,789	52,598
<b>Total deferred division expenses</b>	<b>25,701</b>	<b>55,746</b>	<b>220,781</b>
Foreign exchange gain, net <i>[note 5]</i>	(19,302)	(5,338)	(20,752)
<b>Total deferred operating expenses</b>	<b>6,399</b>	<b>50,408</b>	<b>200,029</b>
<b>Excess (deficiency) of deferred operating revenues over deferred operating expenses for the period</b>	<b>289</b>	<b>(33,676)</b>	<b>21,045</b>
Deferred operating revenues, net, beginning of period	20,756	54,432	—
<b>Deferred operating revenues, net end of period</b>	<b>21,045</b>	<b>20,756</b>	<b>21,045</b>

See accompanying notes

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

**INTERIM STATEMENT OF CASH FLOWS**

Unaudited

(in thousands of dollars)

	Three months ended		Cumulative period
	October 31, 2007	July 31, 2007	from September 30, 2003 (incorporation) to October 31, 2007
	\$	\$	\$
<b>VENUE DEVELOPMENT AND OPERATING ACTIVITIES</b>			
Excess (deficiency) of venue development revenues over expenses for the period	(470)	2,747	23,198
Changes in operating assets and liabilities:			
Government contributions receivable	13,102	(20,685)	(36,376)
Other receivables	(2,270)	(7,298)	(14,359)
Refundable deposits	(295)	38	(2,277)
Deferred operating revenues (expenses), net	289	(33,676)	21,045
Accounts payable and accrued liabilities	957	45,850	89,596
Fair value of forward contracts	(20,642)	(6,233)	(25,102)
<b>Cash provided by (used in) venue development and operating activities</b>	<b>(9,329)</b>	<b>(19,257)</b>	<b>55,725</b>
<b>INVESTING AND FINANCING ACTIVITIES</b>			
Repayments under the term credit facilities	(367)	(13,014)	—
Decrease (increase) in restricted cash	3,228	814	(16,701)
<b>Cash provided by (used in) investing and financing activities</b>	<b>2,861</b>	<b>(12,200)</b>	<b>(16,701)</b>
<b>Net increase (decrease) in cash</b>	<b>(6,468)</b>	<b>(31,457)</b>	<b>39,024</b>
Cash, beginning of period	45,492	76,949	—
<b>Cash, end of period</b>	<b>39,024</b>	<b>45,492</b>	<b>39,024</b>
<b>SUPPLEMENTARY INFORMATION</b>			
Interest paid in cash	122	158	4,018

See accompanying notes

**NOTES TO INTERIM FINANCIAL STATEMENTS**

For the period ended October 31, 2007

Unaudited – in thousands of Canadian dollars, except where indicated

**1. BASIS OF PRESENTATION**

These interim unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and note disclosures required by GAAP for annual financial statements. These interim financial statements should be read in conjunction with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (“VANOC”) financial statements for the year ended July 31, 2007.

The purpose of VANOC is to organize and conduct the 2010 Olympic and Paralympic Winter Games (the “Games”). VANOC is responsible for ensuring that the Olympic and Paralympic venues (“Games Venues”) are available and meet specified standards for use during the Games. The Venue Development Fund is used to record the receipt of contributions as receivable, income as earned and expenditures as incurred relating to the development of the Games Venues. All revenues and expenses of VANOC not related to venue development activities are recorded in the Operating Fund. Due to the extended business cycle of hosting the Games, operating revenues and expenses recorded in the Operating Fund are deferred until the commencement of the Games and will be recognized in the year ended July 31, 2010.

These interim unaudited financial statements include the deferred operating revenues and expenses and venue development activities for the three months ended October 31, 2007 with comparative figures for the preceding three months ended July 31, 2007 and the period from September 30, 2003 (incorporation) to October 31, 2007. The three months ended October 31, 2007 and the preceding three months ended July 31, 2007 are presented as that is considered to be the most meaningful comparative reporting period given the organization’s growth and its extended business cycle related to the planning and staging of the Games. The period from September 30, 2003 (incorporation) is provided to reflect the total deferred operating revenues and expenses and venue development activities for the project to date.

The preparation of the interim unaudited financial statements is based on accounting policies and practices consistent with those used in the preparation of the annual audited financial statements for the year ended July 31, 2007 except as disclosed in note 2.

Certain of the prior period amounts have been reclassified to conform to the presentation adopted in the current period.

**2. FINANCIAL INSTRUMENTS AND CHANGE IN ACCOUNTING POLICY**

Effective August 1, 2007, VANOC adopted the Canadian Institute of Chartered Accountants Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section provides requirements for the recognition and measurement of financial instruments. Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. On initial recognition, all financial instruments should be recognized at their respective fair values. After initial

**NOTES TO INTERIM FINANCIAL STATEMENTS**

For the period ended October 31, 2007  
Unaudited – in thousands of Canadian dollars, except where indicated

recognition, instruments classified as held-for-trading and available-for-sale are measured at fair value at the balance sheet date, while loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost.

The adoption of Section 3855 did not have an impact on the financial statements.

As a result of the adoption of this Section, management has classified VANOC's financial instruments as follows. Cash, restricted cash, and the forward foreign exchange contracts have been classified as held-for-trading. Government contributions receivable, other receivables and refundable deposits have been classified as loans and receivables. Accounts payable and the operating and capital term credit facility have been classified as other financial liabilities. Unless otherwise noted, it is management's opinion that VANOC is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

### **3. SEASONALITY OF OPERATIONS**

Certain venue development activities are highly seasonal which impacts reported interim financial statement results. The majority of the Games Venues expenditures are incurred from April to November as construction primarily takes place based on the more favorable building conditions during this period. As a result, venue development activities may fluctuate significantly from period to period.

### **4. TERM CREDIT FACILITIES**

VANOC has an Operating Credit Facility Agreement [the "Operating Credit Facility"] and a Capital Credit Facility Agreement [the "Capital Credit Facility"]. The Operating Credit Facility provides working capital and funds for general operating requirements, and is a \$75,000 revolving term facility by way of prime rate loans, U.S. dollar base-rate loans, bankers' acceptances, Libor-based loans, letters of credit and letters of guarantee. The Capital Credit Facility provides working capital and funds for venue development activities, and is a \$20,000 revolving term facility by way of prime rate loans, U.S. dollar base-rate loans, bankers' acceptances, Libor-based loans, letters of credit and letters of guarantee. Both the Operating Credit Facility and the Capital Credit Facility are repayable on the earlier of March 31, 2010, or on the receipt by VANOC of the final payment of the IOC contribution.

As of October 31, 2007, and July 31, 2007, no amounts are drawn against the Operating Credit Facility and \$nil [July 31, 2007 - \$367] is drawn against the Capital Credit Facility. Should any amounts be drawn, they are represented by prime rate loans at a rate of 10 basis points per annum below the bank's prime rate. The prime rate at October 31, 2007 was 6.25% [July 31, 2007 - 6.25%].

All borrowings under the facilities are collateralized by a general security agreement constituting a first ranking security interest in all personal property of VANOC and subject to IOC approval, a specific assignment to the lender of the IOC broadcasting revenue contribution.

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

For the period ended October 31, 2007  
Unaudited – in thousands of Canadian dollars, except where indicated

## 5. DERIVATIVE FINANCIAL INSTRUMENTS

VANOC has entered into forward foreign exchange contracts to manage its exposure to foreign currency exchange rate movements on expected future cash flows. The instruments used are zero premium forward option contracts. There is no net premium paid or received for these currency options.

These forward option contracts establish a lower boundary to ensure a certain minimum future exchange rate while establishing a range between the upper boundary and the knock-in trigger rate through which VANOC may beneficially participate in any depreciation of the Canadian dollar relative to the foreign currencies. If at any time during the contract period the spot exchange rate is greater than or equal to the knock-in trigger rate, then the exchange rates on settlement will be within the lower and upper boundaries. If the spot exchange rate does not trade at a level that is greater than or equal to the knock-in trigger rate during the contract period, then the exchange rates on settlement will be within the lower boundary and the knock-in trigger rate.

The following is a summary of the outstanding forward contracts as at October 31, 2007:

Maturity Date	Notional Amount \$	Weighted average forward exchange rates		
		Lower boundary	Upper boundary	Knock-in trigger
<b>USD:</b>				
March 31, 2008	600	1.1056	1.1448	1.2191
March 31, 2009	176,400	1.0830	1.1235	1.2098
	177,000	1.0831	1.1236	1.2098
<b>EUR:</b>				
March 31, 2008	12,000	1.4022	1.4395	1.5158
March 31, 2009	28,000	1.4113	1.4450	1.5288
	40,000	1.4086	1.4434	1.5249

As of October 31, 2007, the spot exchange rate for all of the outstanding U.S. dollar forward foreign exchange contracts had not surpassed the applicable knock-in trigger rate. However, the spot exchange rate for all of the outstanding EUR forward foreign exchange contracts has surpassed the applicable knock-in trigger rate. As a result, the final exchange rate on settlement of the EUR forward contracts will fall within the lower and upper boundary.

As at October 31, 2007, the fair value of these forward contracts is an asset of \$25,102 [July 31, 2007 - \$4,460], which has been recorded on the statement of financial position, and the unrealized change in the fair value during the period of \$20,642 has been recorded as a component of the foreign exchange gain [July 31, 2007 – gain of \$6,233] on the schedule of deferred operating revenues and expenses.

## NOTES TO INTERIM FINANCIAL STATEMENTS

For the period ended October 31, 2007

Unaudited – in thousands of Canadian dollars, except where indicated

## 6. SPONSORSHIP REVENUES

As of October 31, 2007, VANOC has entered into definitive sponsorship agreements or binding term sheets with various domestic Tier 1, 2 and 3 sponsors. Once a binding term sheet is signed, it is expected that the parties will execute the definitive sponsorship agreement within the following fiscal year.

In addition, VANOC receives a portion of the proceeds the International Olympic Committee (“IOC”) collects under its international sponsorship program known as TOP [The Olympic Partners]. Under this program, VANOC receives cash and VIK at varying times up to and including the Games.

The sponsorship revenues recorded during the periods presented are as follows:

	Three months ended October 31, 2007			Cumulative period from inception Sept. 30, 2003 (incorporation) to	
	Deferred operating revenues and expenses, net	Venue development fund	Total	Three months ended July 31, 2007	October 31, 2007
	\$	\$	\$	Total \$	Total \$
IOC international sponsorship					
VIK	2,031	-	2,031	4,848	11,992
Domestic sponsorship					
Cash	1,738	-	1,738	6,399	124,095
VIK	2,518	1,434	3,952	5,850	26,445
	4,256	1,434	5,690	12,249	150,540
<b>Total sponsorship revenues</b>	<b>6,287</b>	<b>1,434</b>	<b>7,721</b>	<b>17,097</b>	<b>162,532</b>

## 7. MARKETING RIGHTS ROYALTIES

The marketing rights royalties recorded during the periods presented are as follows:

	Three months ended October 31, 2007			Cumulative period from inception Sept. 30, 2003 (incorporation) to	
	Deferred operating revenues and expenses, net	Venue development fund	Total	Three months ended July 31, 2007	October 31, 2007
	\$	\$	\$	Total \$	Total \$
IOC marketing royalties [note 11[a]]	1,184	61	1,245	822	12,692
IPC marketing royalties [note 11[b]]	-	-	-	-	1,147
COC marketing royalties [note 11[c]]	(143)	143	-	-	27,000
<b>Total marketing royalties</b>	<b>1,041</b>	<b>204</b>	<b>1,245</b>	<b>822</b>	<b>40,839</b>

## NOTES TO INTERIM FINANCIAL STATEMENTS

For the period ended October 31, 2007

Unaudited – in thousands of Canadian dollars, except where indicated

- [a] Pursuant to the terms of the Host City Contract, VANOC is required to pay the IOC a 7.5% royalty on the value of any cash consideration received and a 5% royalty on any VIK contributions received pertaining to any element of commercial exploitation of VANOC's marketing rights. To date, VANOC has recorded royalties to the IOC in the amount of \$12,692 in respect of cash and VIK acquired.

Pursuant to the terms of the Marketing Plan Agreement between the IOC and VANOC, VANOC is required to pay the IOC a management fee calculated based on the value of any amounts received by VANOC under the IOC international sponsorship program. To date, VANOC has recorded \$860 in respect of management fees payable.

- [b] VANOC is obligated to pay US\$4,000 to the International Paralympic Committee ["IPC"] in exchange for all rights with respect to the domestic marketing and worldwide broadcasting and ticket sales programs related to the Paralympic Winter Games. To date, VANOC has paid US\$1,000, and the remaining balance of US\$3,000 is payable in equal instalments on January 15 of 2008, 2009 and 2010.

- [c] Pursuant to the joint marketing programme agreement between the Canadian Olympic Committee ("COC") and VANOC, VANOC shall pay to the COC a 16% royalty on the value of any cash consideration received and a 12% royalty on any VIK contributions received pertaining to any commercial exploitation of VANOC's marketing rights. The royalties payable are subject to a minimum payment of \$73,500 to a maximum payment of \$110,000. To date, VANOC has paid a total of \$27,000. The remaining minimum balance to be paid is as follows:

	\$
April 30, 2008	14,000
April 30, 2009	12,000
April 30, 2010	7,500
April 30, 2011	7,000
April 30, 2012	6,000
	<u>46,500</u>

## 8. COMMITMENTS, CONTINGENCIES AND GUARANTEES

- [a] VANOC has entered into various contracts for goods and services related to the planning and staging of the Games and for the development or use of facilities such as venue sites during the Games. As of October 31, 2007, VANOC has outstanding commitments of approximately \$123,200 [July 31, 2007 - \$150,000] with respect to these contracts. These commitments will be disbursed at various times through 2010.

- [b] Pursuant to venue agreements between VANOC and Cypress Bowl Recreations Limited Partnership and VANOC and Whistler Mountain Resort Limited Partnership and Blackcomb Skiing Enterprises Limited Partnership, VANOC has entered into make-whole agreements with these parties for any

### NOTES TO INTERIM FINANCIAL STATEMENTS

For the period ended October 31, 2007

Unaudited – in thousands of Canadian dollars, except where indicated

shortfall in their expected earnings in relation to their venue operations as a result of certain events being held at the respective venue sites for the purposes of hosting the Games. The calculation of the potential required payments has not yet been determined by the parties and any amounts owing cannot yet be reasonably determined.

- [c] Pursuant to a joint marketing programme agreement between VANOC and the Canadian Paralympic Committee (“CPC”), VANOC has guaranteed to the CPC a minimum amount of \$6,684 in gross revenue from all commercial and non-commercial activities conducted by the CPC, whether alone or jointly in co-operation with VANOC, from January 1, 2005 to December 31, 2012.
- [d] Pursuant to an agreement between VANOC and Canada, VANOC has confirmed its commitment to raise an additional \$14,000 towards the Own the Podium program.
- [e] 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.
- [f] VANOC is from time to time involved in claims and litigation arising in the normal course of business with its suppliers / contractors for the reimbursement of costs of additional work and / or for additional costs because of changed conditions. Any settlements, payments, or necessary accruals are reflected in the financial statements when the outcome is determinable and the amount can be reasonably estimated.