



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** April 16, 2010

**From:** Andrew Nazareth  
General Manager, Business & Financial Services

**File:**

**Re:** 2009 4th Quarter Financial Information for the Richmond Olympic Oval Corporation

### Staff Recommendation

That the report on Financial Information for the fourth quarter ended December 31, 2009 be received for information.

Andrew Nazareth  
General Manager, Business & Financial Services  
(604-276-4095)

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

## Staff Report

### Origin

Section 7.3 of the Operating Agreement between the City of Richmond and the Richmond Olympic Oval Corporation requires reporting with respect to business plans, budgets, audited financial statements, and quarterly comparisons of actual results to budget along with projections to fiscal year end. This staff report deals with the fourth quarter results for the 3 months ended December 31, 2009.

### Analysis

Please see attachment for the Statement of Earnings for the 12 months ending December 31, 2009.

The 2009 net income was \$1,108k versus a budgeted net loss of \$321k, a favourable variance of \$1,429k. Revenues were \$8,116k versus budgeted revenues of \$7,985k, representing a favourable variance of \$131k (or 2%). Expenses were \$7,007k versus budgeted expenditures of \$8,306k, a favourable variance of \$1,299k (or 16%). More detailed explanations of the Q4 variances from budget are provided below.

#### Basis of accounting

The quarterly budget represents one quarter of the approved budget for the year (not including the Summer Camps revenue). The approved budget is the full 12 month budget. The total of the actual funding received from the Games Operating Trust ("GOT") in June and July 2009 of \$4,731k, the deferred GOT revenue as at December 31, 2008 of \$806k and the Grant received from the City of \$1,050k are recognized as revenue evenly over the year, of which 3 months of revenue has been recognized in the fourth quarter. Amortization of the costs of Oval equipment and capitalized leases has been included and was not in the budget being a non-cash item.

#### Analysis of significant variances

- Q4 revenue from operations from the Zones comprising memberships, admissions and programs was \$361k. This was a \$47k increase over Q3 and was \$145k over budget for Q4, continuing an upward trend since Q2 despite closure in December as part of the "Exclusive Use Period";
- Q4 revenue from other operations was \$40k over budget mainly due to the introduction of parking revenues of \$31k which were not budgeted for;
- Actual salaries and benefits were under budget primarily due to the following: hiring employees later than planned, restricting the hiring of full time staff to fewer than planned, reducing part time staff to match the demand for classes and the "ice-out" period during April and May 2009;

- Marketing efforts continued to focus on Oval branding in order to build membership, the cornerstone to future revenue growth. The Q4 expenditures were \$18k higher than expected due to sponsorship consultancy services rendered and billed during the quarter;
- Facility Operations continue to realize substantial savings compared to Budget. Q4 expenses were \$114k (or 22%) under Budget. This is due to lower salaries, security, garbage and recycling and various maintenance contract costs.
- Administration and Finance expenses for Q4 were \$313k (or 49%) under budget due mainly to lower costs than projected for Human Resources, IT contracts and consultants.
- Utilities show a positive variance of \$191k (or 42%) for Q4. We continue to analyze and monitor energy consumption and the actual electricity and gas bills.
- Expenses for our controllable costs in the Program Services, Facility Operations and Administration and Finance Departments, before utilities and amortization, were lower than Q4 budget by \$436k.

#### Summary

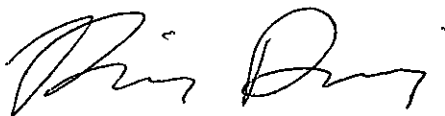
The Q4 2009 revenues from operations before GOT and City funding are \$181k favourable to budget due mainly to the effect of discounting various program and membership fees in order to build membership. Q4 expenses are lower than budget by an aggregate of \$627k (30%) before amortization of \$117k.

#### **Financial Impact**

None.

#### **Conclusion**

The fourth quarter financial results show an overall favourable variance of \$874k to net income. This is mainly due to favourable variances in the Zones revenues, GOT revenues, and the expenses pertaining to Facility Operations, Administration and Finance and Utilities.



Rick Dusanj, CA  
Manager, Business Advisory Services  
(604-276-4103)

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**RICHMOND OLYMPIC OVAL CORPORATION**

**Statement of Earnings**

For The 12 Months Ending December 31, 2009

Unaudited



	QTR 4 2009		QTR 4 2009		12 months 2009		12 months 2009		12 months 2009			
	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	Budget	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	Budget	ACTUALS		
<b>Revenue from operations:</b>												
Zones	\$ 215,500	\$ 360,626	\$ 145,126	67%	\$ 862,000	\$ 1,069,402	\$ 207,402	24%	\$ 900,000	129,858	(770,142)	-86%
Camps	-	-	-	-	327,000	298,781	(28,219)	-9%	4,806,000	5,536,509	730,509	15%
Other operations	81,750	121,563	39,813	49%	1,050,000	1,050,000	-	0%	40,000	31,267	(8,733)	-22%
Funding from GOT	1,201,500	1,384,126	182,626	15%	-	-	-	-	-	-	-	-
Grant from City	262,500	262,500	-	0%	-	-	-	-	-	-	-	-
Other	10,000	6,318	(3,682)	-37%	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>1,771,250</b>	<b>2,135,133</b>	<b>363,883</b>	<b>21%</b>	<b>7,985,000</b>	<b>8,115,817</b>	<b>130,817</b>	<b>2%</b>				
<b>Expenses:</b>												
<b>Program services:</b>												
Client services	134,000	95,079	38,921	29%	536,000	452,554	83,446	16%	144,000	161,903	(17,903)	-12%
Event Services	36,000	44,089	(8,089)	-22%	484,000	760,440	(276,440)	-57%	341,000	304,528	36,472	11%
Sport Services	121,000	149,260	(28,260)	-23%	15,000	172,584	(157,584)	-1051%	-	9,781	(9,781)	-
Fitness Services	85,250	69,412	15,838	19%	357,000	453,043	(96,043)	-27%	-	-	-	-
Special Events	3,750	(6,497)	10,247	273%	-	-	-	-	-	-	-	-
Other Program Expenses	-	998	(998)	-	-	-	-	-	-	-	-	-
Marketing	89,250	107,355	(18,105)	-20%	-	-	-	-	-	-	-	-
<b>Total program expenses</b>	<b>469,250</b>	<b>459,695</b>	<b>9,555</b>	<b>2%</b>	<b>1,877,000</b>	<b>2,314,833</b>	<b>(437,833)</b>	<b>-23%</b>				
<b>Facility Operations</b>	511,750	398,128	113,623	22%	2,047,000	1,565,548	481,452	24%				
<b>Admin/Finance</b>	643,000	330,407	312,593	49%	2,572,000	1,750,674	821,326	32%				
<b>Utilities</b>	452,500	261,319	191,181	42%	1,810,000	973,988	836,012	46%				
<b>Amortization</b>	-	116,938	(116,938)	-	-	402,292	(402,292)	-				
<b>Total expenses</b>	<b>2,076,500</b>	<b>1,566,486</b>	<b>510,014</b>	<b>25%</b>	<b>8,306,000</b>	<b>7,007,334</b>	<b>1,298,666</b>	<b>16%</b>				
<b>Net income (loss) for the period</b>	<b>\$ (305,250)</b>	<b>\$ 568,647</b>	<b>\$ 873,897</b>	<b>286%</b>	<b>\$ (321,000)</b>	<b>\$ 1,108,483</b>	<b>\$ 1,429,483</b>	<b>445%</b>				

NOTE: Numbers may be off due to rounding.