



**To:** Finance Committee

**Date:** September 18, 2012

**From:** George Duncan  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval

**File:**

Andrew Nazareth  
General Manager, Finance and Corporate Services  
& Chief Financial Officer, Richmond Olympic Oval

**Re:** 2nd Quarter 2012 - Financial Information for the Richmond Olympic Oval  
Corporation

**Staff Recommendation**

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.

George Duncan  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval

Andrew Nazareth  
General Manager, Finance and Corporate Services  
& Chief Financial Officer,  
Richmond Olympic Oval



**DATE:** September 19, 2012

**TO:** George Duncan  
Chief Executive Officer, Richmond Olympic Oval Corporation

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
General Manager, Richmond Olympic Oval Corporation

**FROM:** Rick Dusanj, CA  
Controller, Richmond Olympic Oval Corporation

**Re:** Richmond Olympic Oval Corporation – 2<sup>nd</sup> Quarter 2012 Financial Information

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#### **Origin**

Section 7.3 of the Operating Agreement between the City of Richmond (the "City") and the Richmond Olympic Oval Corporation (the "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 second quarter business plan and financial results for the 3 months ended June 30, 2012 ("Q2").

#### **Business Plans and Planning**

Highlights of the activities undertaken by Corporation staff during Q2 are described below.

#### Community Use

The Corporation continued to provide facility access to the Richmond community. The Corporation's usage continued to grow with 78% of members being Richmond residents at the end of Q2. Usage of the facility was steady with an average of 890 scans per day in Q2 (889 per day Q1 2012 average).

Community sport court and ice programs, plus ice and court rentals outperformed budgeted revenue targets for Q2 2012.

#### Sport Development and Events

The Richmond Olympic Oval High Performance Training Department began preparing 36 athletes for the 2012 Olympic Summer Games, including members of the Canadian Olympic Women's Soccer team, the Canadian Paralympic Men's Goalball and Wheelchair Rugby teams.

The Oval also successfully launched its High Performance Spring Hockey program in April, drawing 120 athletes aged 9-17 from across Metro Vancouver. This month also saw the Oval host the Athlete's Performance Level 1 and 2 mentorship programs; the Oval is the only venue in Canada to host Athlete's Performance programming. In June, the IGNITE program officially commenced – a provincially and federally funded program for high potential targeted youth athletes – of which the Oval has the largest IGNITE group of carded athletes in the country. Overall, the High Performance Training Department hosted 3,800 athlete training sessions in Q2 2012.

During Q2, Richmond also played host to Canada's largest sport tourism congress where 340 key sport event decision makers were able to tour the City of Richmond and gain an in-depth understanding of the capabilities of the Richmond Olympic Oval. The 2016 Canadian Weightlifting National Championship and Olympic Trials were secured and will be showcased under the Rings in the Richmond Olympic Oval.

#### **Successfully Hosted Oval Events (April – June 2012)**

2012 CSTA Sport Events Congress

2012 CrossFit Games – Canada West Region

2012 SSC National Junior Short Track Speed Skating Championship

2012 Jack Donohue International Basketball Classic – Canada v China

2012 BC Fencing Association Provincial Championship & National Team Training Camp

2012 Canadian Wheelchair Basketball Championship

2012 Canadian Wheelchair Basketball Training Camp

2012 Canada Cup International Wheelchair Rugby Tournament

2012 North American Chinese Basketball Association Invitational Tournament

#### **Successfully Secured Oval Events (April – June 2012)**

2016 Weightlifting National Championships & Olympic Qualifications

2013 Redbull Crashed Ice – Regional Qualifiers

This was a very busy Event quarter with highlights such as hosting the Fire Chief's Convention (with 40 fire trucks on display), the Healthcare Show, the Vancouver Shoe Show and LANcouver. From the Celebrations, Receptions, Films and Tours category, the Oval hosted the following: the VC Dry Grad, Rick Hansen's 25th Anniversary Relay, BC Cancer Relay for Life, SOS Children's Village Run and a Lexus Commercial Shoot.

#### **Governance**

Meetings of the Corporation's Board of Directors, the Audit & Finance Committee, and the Business & Budget Planning Committee all took place during Q2.

## Comments on the Financial Results for Q2

The unaudited financial statements and budget have been prepared in accordance with Public Sector Accounting Board ("PSAB") standards. The statements are prepared based on the following information:

- 1) The 2012 approved budget is based on fiscal 2012 having operating revenues and operating expenses at levels for a normal year's uninterrupted operations.
- 2) The Q2 portion of the 2011 Annual Distributable Amount from the 2010 Games Operating Trust ("GOT") of \$696,000 was recognized as revenue.
- 3) Sport Hosting funding is recognized as deferred revenue until it is spent at which time the revenue and expense are both recognized.
- 4) In Q2, approximately \$30k was put into an Enterprise Fund that will be used to fund future capital expenditures. In each subsequent quarter up until the end of 2013, an additional \$15k will be set aside into this fund. In addition, at the end of the fiscal year a further allocation may be made by the Capital Works Committee to the Reserves to fund future capital expenditures.

### Analysis of Significant Variances of actual results compared to Budget for Q2 of Fiscal Year 2012:

Q2 result was budgeted at a net income of \$63,000 and the actual results show a surplus before transfers of \$552,000 a favorable variance of \$489,000.

#### Revenues

**Memberships, admissions and programs** revenue of \$1,285,000 had a positive variance of \$277,000 (28%) when compared to budget.

**Sport Hosting** revenue of \$157,000 was recognized to offset the expenditures during Q2.

**Other Revenue** of \$251,000 was recorded during the quarter which mainly included sponsorship, space leasing, parking, and interest revenue.

#### Expenses

**Aggregate Member Care Services, Event Services, and Fitness Services** costs over the second quarter of 2012 were \$425,000 which is \$15,000 (3%) under budget.

**Sports Services** costs for Q2 were \$415,000 which was \$27,000 (7%) over budget primarily due to more salaries required for the High Performance Programs. The increase in salaries is offset by the increased revenue generated by these programs.

**Facility Operations** costs for Q2 were \$898,000 which was \$14,000 (1%) under budget.

**Sport Hosting** expenses for Q2 were \$157,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

**Marketing** expenses for Q2 were \$99,000 and were \$23,000 (19%) under budget.

**Administration and Finance** expenses for Q2 were \$611,000 being \$75,000 (11%) under budget.

Summary

For the three month period ending June 30, 2012, the Corporation budgeted a net income of \$63,000 and the actual results showed a net income of \$552,000; a favorable variance of \$489,000.



Rick Dusanj, CA  
Controller, Richmond Olympic Oval Corporation

cc: Shana Turner  
Director, Administration, Finance and Corporate Services, Richmond Olympic Oval Corporation

**RICHMOND OLYMPIC OVAL CORPORATION**

Statement of Operations

For the quarter ended June 30, 2012

Unaudited, prepared by management

	QTR 2 2012			6 months 2012			QTR 2 2011			6 months 2011			
	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	ACTUALS	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	ACTUALS	BUDGET	
<b>REVENUES</b>													
2010 Games Operating Trust Fund	625,000	696,159	71,159	11%	1,392,319	625,000	684,850	59,850	10%	1,369,699	2,500,000		
Contribution from City of Richmond	768,471	768,471	0	0%	1,536,942	755,625	755,625	-	0%	1,511,250	3,073,883		
Memberships, admissions and programs	1,007,542	1,284,760	277,219	28%	2,696,187	874,904	907,376	35,472	4%	1,946,441	4,828,246		
Sport Hosting (Note 1)	141,500	156,734	15,234	-	274,749	-	-	-	-	-	500,000		
Interest and other	209,733	251,368	41,635	20%	487,424	219,634	245,444	25,811	12%	435,313	838,930		
	2,752,245	3,157,492	405,246	15%	6,387,621	2,472,163	2,593,295	121,132	5%	5,262,708	11,741,059		
<b>EXPENSES</b>													
Member care services	212,028	214,416	(2,388)	-1%	429,553	227,199	169,829	(132,738)	-58%	359,937	834,553		
Event services	39,986	33,371	6,614	17%	147,128	38,063	26,470	11,593	30%	79,260	159,942		
Sport services	388,408	415,329	(26,921)	-7%	769,455	292,720	261,852	30,868	11%	460,896	1,759,453		
Filter services	187,482	177,020	10,462	6%	331,691	151,424	141,381	10,043	7%	282,992	726,475		
Facility Operations	911,854	898,286	13,568	1%	1,661,955	850,527	728,367	122,160	14%	1,468,766	3,724,158		
Marketing	121,945	99,287	22,658	19%	202,342	153,741	105,728	48,012	31%	207,648	480,525		
Sport Hosting (Note 1)	141,500	156,734	(15,234)	-	274,749	-	-	-	-	-	500,000		
Admin/Finance	686,016	611,093	74,923	11%	1,148,354	710,234	585,242	124,992	18%	1,205,960	2,711,293		
	2,689,219	2,605,536	83,683	3%	4,965,227	2,423,908	2,018,870	214,930	9%	4,105,459	10,896,400		
<b>NET INCOME (Note 2)</b>	63,026	551,956	488,930		1,422,394	48,255	574,424	526,169		1,157,244	844,659		

Note 1 - Effective July 1, 2011 the Sport Hosting department (along with the funding) was transferred over from the City of Richmond to the Oval Corporation. The funding is recognized as deferred revenue until spent at which time the revenue and expense are both recognized.

Note 2 - Before transfers to reserves.

Numbers may be off due to rounding.

Also see attached comments on the results for the Second Quarter of Fiscal Year 2012.