



To: Finance Committee

Date: November 27, 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: 3rd 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 third quarter ended September 30, 2012 from the Controller of the Richmond Olympic Oval Corporation be received for information.

A handwritten signature in blue ink, appearing to be 'George Duncan'.

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

A handwritten signature in black ink, appearing to be 'Andrew Nazareth'.

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



DATE: November 29, 2012

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills
Chief Operating Officer, Richmond Olympic Oval Corporation

FROM: Rick Dusanj
Controller, Richmond Olympic Oval Corporation

Re: Richmond Olympic Oval Corporation – 3rd Quarter 2012 Financial Information

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 third quarter business plan and financial results for the 3 months ended September 30, 2012 ("Q3").

Business Plans and Planning

Highlights of the activities undertaken by the Corporation during Q3 are described below.

Community Use

The Corporation continued to provide facility access to the Richmond community. At the end of Q3, 77% of members were Richmond residents. Q3 revenue from fitness programs, community sport ice programs, room, court and track rentals all outperformed revenue for the same period in 2011.

The High Performance Services, introduced earlier this year, have seen significant uptake. While this has increased the profile of the high performance program, a benefit has also been realized with the community membership base. Oval members now have access to more equipment amenities but also have the option to register in performance programs which can complement their overall fitness and wellness goals.

Sport Development and Events

High Performance Services at the Oval can already lay claim to an impressive list of athlete accomplishments, including the following: 36 Oval trained Athletes competed at the London 2012

Games (Gold – Men’s Wheel Chair Basketball, Silver Medal – Men’s Wheel Chair Rugby and Bronze medal - Canadian Women’s Soccer), 8 athletes named to Team BC 18/19U Girls Volleyball, 3 athletes named to Team BC 16U Volleyball, 7 athletes named to Team BC 17U Boys Volleyball, 6 athletes competed at the BC Summer Games, and the Oval was also the training home of the 18U National Beach Volleyball Champions.

This summer, the Corporation also successfully launched its High Performance Summer Hockey Camps, drawing 116 athletes aged 9-18 from across Metro Vancouver, with 45 athletes playing Major Midget, Junior, CIS, NCAA or in a Professional League.

The Pacific Premier Soccer League’s Fusion FC began pre-season training at the Oval, with 117 kids participating in 20 hours of training. Other teams that began high performance training at the Oval in Q3 include: BC Hockey’s Major Midget Greater Vancouver Canadians, Men’s Canadian Field Hockey and Vancouver Angels Girls Hockey teams. Additionally, the IGNITE program (a provincially and federally funded program for high potential targeted youth athletes) saw 12 athletes across three sports - synchronized swimming, alpine skiing, and biathlon – training at the Oval. In total, 3,382 high performance athlete training sessions were completed at the Oval in Q3.

The Oval completed its Memorandum of Understanding with Speed Skating Canada in Q3. This agreement will see the Oval become an official Regional Training Centre for short track speed skating, identifying and training high potential youth athletes. The Oval also began activation of its Long Term Player Development agreement with the Richmond Soccer Association. Currently, 9 teams are participating in high performance training at the Oval and over 200 hours of indoor practice have been booked under the terms of the agreement.

Q3 was also a very busy quarter for events. Some of the highlights included: a 4 month meeting room contract with the BC Ambulance Service, the 10 day Table Tennis Senior and Junior Championships and the 10 day Yonex Canadian Badminton Open.

The Richmond Olympic Oval will soon become the new home of karate in Canada, hosting six competitive events over four years starting in 2014. The events include four National Championships and two International competitions. For the Karate Canadian National Championships - in which Canadian National team selection will take place – more than 450 Canadian athletes, coaches, officials and delegates are expected take part, while the event is expected to attract up to 1,500 spectators over three days of competition. With respect to the international competitions taking place in 2014 and 2017, the Oval is expected to host more than 230 athletes, coaches, officials and delegates from Canada, Mexico and the United States as a part of the North American Cup. The one-day competition is typically held on the third weekend of March.

Successfully Hosted Oval Events (Q3)
2012 YONEX Canada Open
2012 BC Hockey U16 Pre Stage Training Camp
2012 Vancouver International Dodgeball Tournament

2012 World Cup Field Painting Competition
2012 Kajaks 10K Oval Run
2012 Noah Yelizarov Memorial Hockey Tournament
2012 Urban Rec BBQ
2012 Rehab Equipment Expo
2012 Baden Cup (Volleyball)
Canadian Diabetes 50th Anniversary Event

Successfully Secured Oval Events (Q3)

2012 BC Athletics AGM & Annual Awards Banquet
2012 BC Hockey U16 Pre Stage Training Camp
2012 Canadian Fencing Federation Canada Cup
2012 De Danaan Christmas Irish Feis
2012 Season Opener Climbing Competition
2013 Canadian Powerlifting Union National Championship
2013 CrossFit Western Regional Games
2013 Millennium Cup International Rhythmic Gymnastics Competition
2013 Rhythmic Gymnastics Canada Championships
2013 Vancouver Dodgeball League Charity Tournament
2013 YONEX Canada Open
2014-2017 Karate Canada National & International Events

Governance

Meetings of the Corporation's Board of Directors and the Audit & Finance Committee took place during Q3.

Comments on the Financial Results for Q3

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 Q3 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 Q3, approximately \$15k 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. Additionally, \$600k was put into an Operating Capital Reserve Fund in Q3, for a total of \$1.8M year to date. At the end 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 Q3 of Fiscal Year 2012:

Q3 result was budgeted at a net income of \$245,000 and the actual results show a net income of \$672,000 before transfers to reserves, a favorable variance of \$427,000.

Revenues

Memberships, admissions and programs revenue of \$1,375,000 had a positive variance of \$64,000 (5%) when compared to budget.

Sport Hosting revenue of \$85,000 was recognized to offset the expenditures during Q3.

Other Revenue of \$239,000 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 third quarter of 2012 were \$420,000 which is \$16,000 (4%) over budget. These costs are offset by increased memberships, programs, and admissions revenue.

Sports Services costs for Q3 were \$424,000 which was \$70,000 (14%) under budget.

Facility Operations costs for Q3 were \$952,000 which was within 1% of budget.

Sport Hosting expenses for Q3 were \$85,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

Marketing expenses for Q3 were \$116,000 and were \$29,000 (20%) under budget.

Administration and Finance expenses for Q3 were \$494,000 being \$181,000 (27%) under budget.

Summary

For the three month period ending September 30, 2012, the Corporation budgeted a net income of \$245,000 and the actual results showed a net income of \$672,000 before transfers to reserves; a favorable variance of \$427,000.



Rick Dusanj
Controller, Richmond Olympic Oval Corporation

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

RICHLAND OLYMPIC OVAL CORPORATION

Statement of Operations
For the quarter ended Sep 30, 2012
Unaudited, prepared by management

	QTR 3 2012		9 months 2012		QTR 3 2011		9 months 2011		2012 BUDGET	
	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)		
REVENUES										
2010 Games Operating Trust Fund	625,000	696,159	71,159	11%	625,000	684,850	59,850	10%	2,500,000	2,500,000
Contribution from City of Richmond	768,471	768,471	(0)	0%	755,625	755,625	-	0%	3,073,883	3,073,883
Memberships, admissions and programs	1,310,406	1,374,622	64,216	5%	1,012,431	967,946	(44,485)	-4%	4,828,246	4,828,246
Sport Hosting (Note 1)	109,500	85,129	(24,371)	-	-	63,286	63,286	-	500,000	500,000
Interest and other	209,733	239,138	29,405	14%	219,834	201,504	(18,330)	-8%	838,930	838,930
	3,023,109	3,163,518	140,409	5%	2,612,890	2,673,210	60,321	2%	7,935,914	11,741,059
EXPENSES										
Member care services	212,028	208,353	3,674	2%	229,098	201,531	27,567	12%	834,553	834,553
Event services (Note 2)	39,986	46,435	(6,450)	-16%	38,064	28,895	9,169	24%	159,942	159,942
Sport services	494,135	424,275	69,860	14%	368,249	344,690	23,558	6%	1,759,453	1,759,453
Fitness services (Note 2)	151,929	164,986	(13,057)	-9%	143,736	129,143	14,593	10%	726,475	726,475
Facility Operations	950,227	951,599	(1,372)	0%	854,884	786,163	68,721	8%	3,724,158	3,724,158
Marketing	145,590	116,701	28,888	20%	153,741	108,697	45,043	29%	480,525	480,525
Sport Hosting (Note 1)	109,500	85,129	24,371	-	-	63,286	(63,286)	-	500,000	500,000
Admin/Finance	674,989	494,344	180,645	27%	672,654	615,723	56,931	8%	2,711,293	2,711,293
	2,778,384	2,491,824	286,560	10%	2,460,425	2,278,128	182,297	7%	6,383,589	10,896,400
Net income before transfer to reserves	244,725	671,695	426,970		152,465	395,082	242,618		1,552,325	844,659
Transfers to reserve funds (Note 3)	-	615,447	615,447		-	425,000	425,000		1,275,000	-
Net income after transfer to reserves	244,725	56,248	(188,477)		152,465	(29,918)	(182,383)		277,325	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 - The unfavourable variances for Event Services and Fitness Services are offset by increased memberships, admissions, and programs revenue.

Note 3 - In Q3, approximately \$15k (YTD \$46k) was put into an Enterprise Fund that will be used to fund future capital expenditures. Additionally, \$600k was put into the Operating Capital Reserve Fund in Q3, for a total of \$1.8M YTD. 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.

Numbers may be off due to rounding.

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