



City of Richmond

Report to Committee

To: Finance Committee

Date: August, 19, 2019

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: **Richmond Olympic Oval Corporation - 2nd Quarter 2019 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter period of April 1, 2019 to June 30, 2019 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: August 19, 2019

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, CPA, CA
Controller, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2019 Financial information**

Origin

This staff report deals with the second quarter financial results for the 3 months ended June 30, 2019 (“Q2”) which was endorsed by the Corporation’s Board of Directors.

Highlights

The following are some of the highlights of the activities undertaken by the Corporation during Q2.

Community Use

The Oval hosted the annual International Olympic Day celebration, which saw 1,900 students from the Lower Mainland participate in activities and sport demonstrations put on by local and provincial sport organizers. The Oval also participated in the national ParticipACTION campaign which aims to get Canadian cities moving and physically active.

New to the member experience in Q2 was the launch of the Oval Athletic program as part of the enhanced fitness model. The Athletic member launch event saw registrations fill up within three hours of release, and member classes have increased since its launch with full capacity.

In accordance with the Richmond Oval Agreement between the City of Richmond (“City”) and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere. As in previous quarters, community

group use continued to constitute the majority of Oval usage in Q2. All prime time space (ice, court & track zones) at the Oval is fully allocated. In Q2, Richmond-based organizations or programs/organizations with significant Richmond representation used 95% of prime time space. At the end of Q2, 78% of Oval members were Richmond residents.

Community groups from Richmond or those with strong Richmond based participation that utilized the Oval in Q2 2019 included: Steveston Selects, Vancouver Ki Society (Aikido), Shoseikan Karate, Kajaks, Connaught Figure Skating, Brazilian Soccer School, DRIVE Basketball, Pentasport Athletics, Leslie Global Sports, Greater Vancouver Canadians, Urban Rec, Aura Rhythmic Gymnastics, Non-Contact Hockey League, Richmond Minor Hockey, Richmond Rockets, Richmond Ringette and Air Attack Volleyball.

Sport Development and Events

Highlights from Sport Hosting and Events held at the Oval during Q2 included: The Sword Play Symposium, Katana Jiu Jitsu tournament, CHE hockey tournament, Volleyball BC U17 provincials, 40th annual Can-Am International martial arts tournament, Delta Gymnastics Cash and Carry competition, U14 girls volleyball nationals, Hoopfest, Rotary Skatathon, WHL Combine, Karate Canada Open, Olympic Day, Battle of the Badges basketball tournament, Canada Quest 3x3 basketball regionals and Push4 Impact wheelchair rugby tournament.

Additionally, some of the future events secured in Q2 by Events and Sport Hosting include: Volleyball Canada Red and White match, Verizon commercial shoot, HC Beat the Heat 3x3 hockey tournament, the Next Gen Jiu Jitsu tournament, the 2019 Fencing Canada Cup 1 and the 2021 Fencing Canada Cup 2, the 2020 Indo Pacific trampoline and tumbling championships, the 2020 Short Track Canada Cup Jr Final, the 2020 Wheelchair Rugby Canada Cup, and the 2020 Wheelchair Rugby Vancouver Invitational.

Events and training camps that occurred during Q2 for High Performance included: Team Canada women's volleyball selection camp, RBC Training Ground, OKCI Kettlebell tournament, Wheelchair Basketball BC finals and Butterfly BC table tennis tournament.

Notable Oval athlete successes during Q2 include:

- Men's Field Hockey Canada won the International Hockey Federation series finals
- Volleyball Canada women's national team won the women's National Challenge Cup tournament
- Oval athlete Katarina Pantovic and Natalie Davidson won gold at U18 volleyball provincials
- Oval athlete Lan-Vi Nguyen (short track speed skating) was the co-winner of the youth female athlete award at the Richmond Sport Awards

Governance

Meetings of the Corporation's Audit & Finance Committee, Business Planning Committee and the Board of Directors as well as the Annual General Meeting took place during Q2.

Financial

The first half of 2019 has been successful for the Corporation. The YTD results for the 6 months ended June 30, 2019 were budgeted at an income before transfers to reserves/equity of \$249,000 and the actual results show income of \$957,000 indicating a favorable variance of \$708,000 (please see page 4 for the Corporation's balance sheet as of June 30, 2019 and page 5 for the statement of operations). Year to date, \$1,432,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q2

Revenues

The Q2 portion of the estimated 2019 Games Operating Trust Fund ("GOT") distribution of \$725,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,116,000 in Q2 and other revenue of \$665,000 primarily pertained to sponsorship, space leasing, parking, interest and grant funding revenue. Overall, revenue was \$213,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q2 2019 were \$1,577,000, facility operations costs were \$1,102,000, marketing expenses were \$157,000, and administration and finance expenses were \$747,000. Overall, expenditures were \$122,000 favorable to budget.



Rick Dusanj, CPA, CA
Controller, Richmond Olympic Oval Corporation

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

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at June 30, 2019

Unaudited, prepared by management

		Jun 30, 2019
ASSETS		
Financial Assets		
Cash	\$	935,571
Investments		13,343,586
Inventory		145,944
GOT receivable		1,450,000
Accounts receivable		629,690
		<u>16,504,791</u>
Financial Liabilities		
Accounts payable and accrued liabilities		1,435,981
Deferred revenue		8,046,954
Rental deposits		9,263
		<u>9,492,197</u>
Net financial assets		7,012,594
Non-Financial Assets		
Tangible capital assets		11,172,233
Deferred lease costs		37,939
Prepaid expenses and other deposits		263,507
		<u>11,473,678</u>
Accumulated Surplus (Note 1)	\$	18,486,272

Note 1 - Breakdown of accumulated surplus account is as follows:	
Investment in capital assets	8,892,462
Reserves/Provisions	8,639,347
Common Shares	1
Surplus	954,461
<u>18,486,272</u>	

The Accumulated Surplus shown above essentially represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to fund the Oval's future capital program, which has averaged \$2.80M annually over the past 5 years. The amount transferred each quarter varies and the final amount is determined by the Capital Works Committee in accordance with the operating agreement.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended June 30, 2019

Unaudited, prepared by management

	QTR 2 2019			YTD ended June 30, 2019			2019 BUDGET		
	BUDGET	ACTUAL	% Variance Fav/(Unfav)	BUDGET	ACTUAL	% Variance Fav/(Unfav)	BUDGET	ACTUAL	% Variance Fav/(Unfav)
			\$ Variance Fav/(Unfav)			\$ Variance Fav/(Unfav)			\$ Variance Fav/(Unfav)
REVENUES									
2010 Games Operating Trust Fund	725,000	725,000	-	1,450,000	1,450,000	-	2,900,000	2,900,000	0%
Contribution from City of Richmond	881,845	881,845	-	1,763,689	1,763,688	-	3,527,378	3,527,378	0%
Memberships, admissions and programs	2,058,271	2,116,298	58,027	4,240,304	4,331,163	90,859	8,667,697	8,667,697	2%
Other	509,836	664,717	154,881	1,019,672	1,164,237	144,565	2,039,345	2,039,345	14%
	4,174,952	4,387,860	212,908	8,473,665	8,709,088	235,424	17,134,420	17,134,420	3%
EXPENSES									
Memberships, admissions and program services	1,478,922	1,576,556	(97,634)	2,990,538	3,035,743	(45,205)	6,124,619	6,124,619	-2%
Facility Operations	1,143,140	1,101,774	41,366	2,288,580	2,175,817	112,763	4,574,850	4,574,850	5%
Marketing	188,576	157,199	31,377	353,570	281,021	72,549	708,575	708,575	21%
Admin/Finance	824,427	746,590	77,837	1,641,827	1,422,074	219,753	3,287,067	3,287,067	13%
Amortization	475,000	405,498	69,502	950,000	836,933	113,067	1,900,000	1,900,000	12%
	4,110,065	3,987,617	122,448	8,224,515	7,751,588	472,927	16,595,111	16,595,111	6%
Net Income (Note 1)	64,887	400,243	335,356	249,150	957,500	708,350	539,309	539,309	284%

Note 1 - In Q2, \$0.99M was transferred into reserves/equity mainly for future capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's capital program, which is primarily funded from the Capital Reserves, has averaged \$2.80M annually over the past 5 years.

Numbers may be off due to rounding.