



To: Finance Committee

Date: December 14, 2021

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

File:

Jerry Chong
Acting General Manager, Finance and Corporate
Services & Chief Financial Officer, Richmond
Olympic Oval

Re: Richmond Olympic Oval Corporation – 3rd Quarter 2021 Financial Information

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2021 from the Director, Finance, Richmond Olympic Oval Corporation be received for information.

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

Jerry Chong
Acting General Manager, Finance and Corporate
Services & Chief Financial Officer
Richmond Olympic Oval

DATE: December 6, 2021

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

Jerry Chong
Chief Financial Officer, Richmond Olympic Oval Corporation

FROM: Rick Dusanj, CPA, CA
Director, Finance, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 3rd Quarter 2021 Financial information**

Origin

This staff report addresses the third quarter financial results for the 3 months ended September 30, 2021 (“Q3”) which was endorsed by the Corporation’s Board of Directors.

Highlights

During Q3 the Corporation continued its gradual restoration of services approach to the COVID-19 pandemic. With safety and community health as our guiding principles, the Corporation remained agile and continued to make operational adjustments to adhere to evolving provincial health orders and province wide restrictions. Below are some of the highlights of the activities undertaken by the Corporation during Q3.

Community Use

Q3 of 2021 saw numerous changes to the BC Provincial Health Order, allowing the Richmond Olympic Oval to further its progressive resumption of services. With changing requirements for sport, health and fitness facilities, in addition to loosening of restrictions for organized events, Q3 saw the Oval continue to trend positively in program registration, drop-in visitation and membership sales. The increased demand from our customers, coupled with health outcomes trending in the right direction allowed the Oval to increase capacity for group fitness, the fitness mezzanine, climbing wall, table tennis and drop-in basketball. In addition, enhancements to the value of membership were introduced in early Q3 by transitioning the OVALfit at Home program from live-streamed content to a library of over 60 enhanced OVALfit at Home workouts accessible through their membership login with new workout videos published weekly. The previously launched mobile app proved to be popular among members, with over 1,000 active users and over 100,000 sessions since its launch.

In Q3, numerous community groups utilized the Oval to operate their programs and services for ages ranging from tots to seniors. These programs and services include the following sports: aikido, basketball, figure skating, gymnastics, hockey, karate, soccer and more.

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.

Sport Development and Events

Despite the changes in Q3 to loosen the restrictions outlined in the Provincial Health Order, events scheduled to take place in Q3 at the Oval were still limited, altered or postponed. The postponed events were rescheduled for 2022 and 2023. Some of the future new events secured in Q3 by Events and Sport Hosting include: City Shred, Korean Consul General Taekwondo Championships, and Western Canadian Powerlifting Championships.

Throughout Q3, national teams and athletes continued their preparations and training at the Oval ahead of the Tokyo Summer Olympic Games (“the Games”). Wheelchair Rugby Canada held their final staging camp from August 13 to 16. Additionally, the Oval hosted the final competition in a series of mock events for national team athletes, including Sean McColl and Alannah Yip in their preparations for the Games. Alannah Yip trained weekly on the Richmond Olympic Oval's speed and lead climbing walls throughout 2021. Bronze medals were won in Tokyo by Richmond Resident Evan Dunfee in the 50km racewalk, and the Canadian Women's National Softball Team who utilized the Oval facilities and services in the years leading up to the Games.

Governance

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

Financial

Although the Oval’s operations are trending in a positive direction, it is anticipated that the gross revenues from memberships, admissions, programs and services for 2021 will be approximately \$4 Million less than it was in 2019 during pre-pandemic times. For Q3, the Corporation continued to exceed conservative budget targets that were established during the pandemic. The results for the 3 months ended September 30, 2021 show income of \$314,000 after amortization compared to a budgeted loss of \$567,000, indicating a favorable variance of \$881,000 (please see page 4 for the Corporation’s balance sheet as of September 30, 2021 and page 5 for the statement of operations). In Q3, \$741,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q3

Revenues

The Q3 portion of the estimated 2021 Games Operating Trust Fund ("GOT") distribution of \$1,033,000 was recognized as revenue. Memberships, admissions and programs revenues were \$1,668,000 in Q3 and other revenue of \$279,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue. Overall, revenues were \$605,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q3 2021 were \$1,431,000, facility operations costs were \$1,001,000, marketing expenses were \$136,000, and administration and finance expenses were \$599,000. Overall, expenditures were \$275,000 favorable to budget.



Rick Dusanj, CPA, CA
Director, Finance, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at Sept 30, 2021

Unaudited, prepared by management

		Sept 30, 2021
ASSETS		
Financial Assets		
Cash	\$	1,202,572
Investments		13,669,924
Inventory		159,882
Accounts receivable		380,368
		15,412,747
Financial Liabilities		
Accounts payable and accrued liabilities		1,616,255
Deferred revenue		7,495,308
Rental deposits		7,373
		9,118,935
Net financial assets		6,293,812
Non-Financial Assets		
Tangible capital assets		12,262,586
Prepaid expenses and other deposits		203,555
		12,466,140
Accumulated Surplus (Note 1)	\$	18,759,952

Note 1 - Breakdown of accumulated surplus account is as follows:

Investment in capital assets	8,624,275
Reserves/Provisions	9,146,531
Common Shares	1
Surplus	989,144
18,759,952	

The Accumulated Surplus shown above 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 \$2.10M 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.

