



City of Richmond

Report to Committee

To: Parks, Recreation and Cultural Services Committee

Date: July 9, 2009

From: Dave Semple, Director of Parks and Public Works Operations

File: 01-0100-20-RATH1-01/2009-Vol 01

Re: Richmond Athletic Commission Bylaw Amendment 8495

Staff Recommendation

That Athletic Commission Bylaw No. 8035, Amendment Bylaw 8495 be introduced and given first, second and third readings.

Dave Semple, Director of Parks and Public Works Operations (604-233-3325)

Att. 3

FOR ORIGINATING DEPARTMENT USE ONLY. Routed to: Budgets, Law, Parks. Concurrence of General Manager. Reviewed by TAG and CAO.

Staff Report

Origin

On October 23, 2006 Richmond Bylaw 8035 establishing an Athletic Commission to regulate professional boxing activities was adopted.

In 2007 the Richmond Athletic Commission (RAC) regulated three professional boxing events one in 2008, and to date two in 2009 for a total of six events. Each event has been held at the River Rock Casino to a nearly sold out crowd. Two of the events were televised on ESPN to millions of viewers each time. After regulating six events, RAC has gained valuable experience and best practise advice from counterparts in Canada and the USA with respect to the effectiveness of Commissions.

The purpose of this report is to provide an update on the status of RAC activities, and to amend the existing Richmond Athletic Commission Bylaw.

Analysis

One of the primary functions of the RAC is to ensure that Professional boxing, or prize fighting is regulated in Richmond to ensure compliance with the Community Charter, and Criminal Code of Canada enabling legislation.

Included for information in Attachment 1 is a copy of an official event checklist that details the many pre-event activities undertaken by the Commission for each event. A key function of RAC is the collection of monies from the promoters hosting events to ensure the payment of officials, Commission Doctors, Ambulance Fees, and fighter purses. On average, the Commission will hold in trust between \$25,000 and \$50,000 depending on the size and quality of an event. All of these monies are paid out by the Commission to prevent collusion between officials, managers and fighters, with administrative fees remitted resulting in Commission revenues post-event.

Proposed Bylaw Amendments: Bylaw 8495 - Attachment 2:

Review Engagement Annual Report versus Audited Financial Statements

The Commission is economically dependent on license fee income and event fee income from regulated sporting events. These events may or may not take place in Richmond in a given fiscal year. On average, after expenses, per event revenues to the Commission are \$2,000.

For the inaugural year of the Commission, third party Audit Expenses were paid for by the City, and totalled \$6,300. That same start-up year, total revenues for the Commission were only \$6,580.

At completion of the 2007 Audit (Attachment 3), the Auditor recognised this economic dependency and suggested an alternate type of financial review be completed to ensure RAC compliance with Generally Accepted Accounting Principles, and other financial regulations. Known as an Review Engagement Letter, this financial review process does not constitute an

audit, however it does provide an independent third party review of RAC financial records for a calendar year. The annual cost of a third party Review Engagement Letter is \$3,500, a savings of \$2800 compared to the current audit fee.

Recommendation:

That section: 1.6.2.2 of the RAC Bylaw be amended to include the following:

The **Commission** shall submit to **Council** the following documents on or before August 1st of each year when annual **Commission** financial transactions are less than \$250,000:

- (a) a copy of the annual financial statement for the preceding year accompanied by the accountant's review engagement financial report; and
- (b) a report of the preceding year's activities.

It is proposed that RAC covers 50% of the cost with the City for the 2008 financial review with the goal of RAC funding it 100% in future years depending on revenues generated.

Should annual Commission transactions exceed \$250,000, staff are recommending that a complete financial Audit be undertaken, and that RAC cover these costs entirely. Therefore, the following amendment to the Bylaw is also included:

Adding subsection 1.6.2.3:

1.6.2.3 The **Commission** shall submit to **Council** the following documents on or before August 1st of each year when annual **Commission** financial transactions are greater than \$250,000:

- (a) a copy of the annual financial statement for the preceding year accompanied by the auditor's report; and
- (b) a report of the preceding year's activities.

RAC currently holds it's funds in accounts at Coast Capital Savings in Richmond, as the majority of the funds are simply held in trust on a per event basis, monies collected are disbursed requiring the signatures of two RAC Directors shortly after collection from event promoters. Revenues after disbursements are held in the same account. All other expenses require Commission resolutions and approval.

Per Event License Fees

RAC currently collects license fees on an annual basis. RAC has determined that the annual processing and tracking of individuals with and without licenses is simpler administratively to issue licenses on a per event basis as opposed to an annual basis. In addition, many of the participants at each event are new and already require the issuance of a new license. This practise will also align RAC with other local Commission fee collection policies. Staff are also

recommending a minor Bylaw Amendment to ensure the remittance of all fees from promoters 10 days prior to an event.

Establishment of annual Richmond Athletic Commission Scholarship

The RAC Commissioners are proposing the establishment of two annual post-secondary scholarships for Richmond youth graduating from one of Richmond's high schools who will be pursuing a post secondary education. Aligned with other local Richmond Community Association Scholarships, RAC is proposing the establishment of up to two \$500.00 annual City of Richmond- Richmond Athletic Commission scholarships to be disbursed subject to available funds.

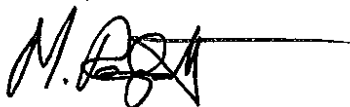
If approved, disbursement of the inaugural scholarships would occur in 2009.

Financial Impact

There are no financial implications as a result of these proposed Bylaw Amendments. With the proposed reduction to the annual Audit fees, and introduction of a RAC contribution towards the Financial Engagement Review Letter, a Park Special Events operating budget efficiency of approximately \$5,000 is realized. The disbursement of the proposed two \$500 annual City of Richmond Athletic Commission Scholarships would only be completed should the Commission realize annual surplus revenues over expenses.

Conclusion

Since 2007, the Richmond Athletic Commission has established itself as a known regulatory body within the Canadian Boxing Federation. These proposed bylaw amendments will streamline current regulatory activities, and improve the effectiveness of Richmond's Commission.



Mike Redpath
Senior Program Manager, CPMG
(604-247-4942)

Name of Promoter: _____

Date of Event: _____

Location of Event: _____

Item#	Description	Completed
Licensing and Sanctioning Requirements		
1	The promoter has obtained a Richmond Athletic Commission Promoter's License (\$300) for the current calendar year.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	The Richmond Athletic Commission has approved the date, location and time of the proposed event, no less than 30 days prior to submitting this checklist.	Yes <input type="checkbox"/> No <input type="checkbox"/>
3	The boxing card consists of a minimum of 40 scheduled rounds of professional competition and no less than five bouts, unless otherwise agreed upon by the Richmond Athletic Commission.	Yes <input type="checkbox"/> No <input type="checkbox"/>
4	The Richmond Athletic Commission has received written sanctioning from the national sports governing authority for any Canadian Championship(s) on the card.	Yes <input type="checkbox"/> No <input type="checkbox"/>
5	The promoter has provided the Richmond Athletic Commission with a copy of the Official Contract.	Yes <input type="checkbox"/> No <input type="checkbox"/>
6	Indemnity, waivers and minimum \$5,000,000 insurance naming the Commission have been received and filed by the City Clerk's Office no less than 10 days prior to the bout(s)	Yes <input type="checkbox"/> No <input type="checkbox"/>
Financial Responsibilities		
1	The promoter has paid the \$1500 event fee.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	The promoter has deposited a certified check in the sum set by the Richmond Athletic Commission to cover the following: <ul style="list-style-type: none"> • Fighters' contracted purses • Commission Doctor's and 2nd Attending Physician professional fees • Ambulance charges • Officials' Honorariums • Event Fee as per Richmond Athletic Commission Bylaw Schedule A • Any additional expenses a minimum of 10 days before the event 	Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>
Contract Responsibilities		
1	The promoter has provided the Richmond Athletic Commission (RAC) with the original copies of the RAC Official Event Contract, completed in full and legible, 10 days prior to the event.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	The promoter certifies he/she has provided fighters and/or their managers with copies of their contract(s).	Yes <input type="checkbox"/> No <input type="checkbox"/>
3	The promoter certifies he/she has notified non-Canadian fighters of the 15% Federal Withholding Tax.	Yes <input type="checkbox"/> No <input type="checkbox"/>
Medical Clearance Responsibilities		
1	The promoter has provided the Commission Doctor with a copy of the Richmond Athletic Commission Medical Form, fully completed by the fighter's physician, for all fighters a minimum of 14 days prior to the event.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	All female fighters have provided the Commission Doctor with a negative pregnancy	Yes <input type="checkbox"/> No <input type="checkbox"/>
3	All fighters have had blood tests for HIV, Hepatitis B & C, and CBC, and the fighters have submitted these results to the Commission Doctor ten days prior to the event.	Yes <input type="checkbox"/> No <input type="checkbox"/>

4	The promoter gives assurance that no fighter on the card is currently under suspension for a ring injury or knockout in the last thirty days, as per Section 2.6.8(3) Section 8 of Richmond Athletic Commission Bylaw.	Yes <input type="checkbox"/> No <input type="checkbox"/>
5	The promoter gives assurance that he has contacted the manager of the venue regarding appropriate placement of the ambulance(s).	Yes <input type="checkbox"/> No <input type="checkbox"/>
6	Non-Canadian fighters must present to the Commission Doctor a copy of medical insurance for that event.	Yes <input type="checkbox"/> No <input type="checkbox"/>
7	The promoter certifies he/she has brought to the attention of all fighters the possibility of random drug tests.	Yes <input type="checkbox"/> No <input type="checkbox"/>
Weigh-In Responsibilities		
1	The promoter has received approval for his choice of the weigh-in site.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	The promoter assures that all fighters will appear on time at the weigh-in site for the weigh-in, licensing, signing of waiver forms and pre-fight medical.	Yes <input type="checkbox"/> No <input type="checkbox"/>
3	The promoter assures there will be appropriate separate and adjacent space for doctors to complete the pre-fight medical examinations.	Yes <input type="checkbox"/> No <input type="checkbox"/>
4	The promoter will provide an approved medical scale for the weigh-in.	Yes <input type="checkbox"/> No <input type="checkbox"/>
Tickets, Seating, Parking Provisions		
1	The promoter will provide at ringside seats for timekeepers, judges, doctors and first aid personnel, the RAC, and tally keepers and a diagram of their locations. The doctors' seats should be in a neutral corner.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	Tickets for the officials, doctors and Richmond Athletic Commission members and their guests will be provided ten days before the event.	Yes <input type="checkbox"/> No <input type="checkbox"/>
Program		
1	The promoter has received approval from the Commission for the sequence of bouts, interval between bouts, intermissions, advertising and/or other commercial endeavors, and entertainment at the event.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	The promoter shall assure that he has provided adequate security with the venue management.	Yes <input type="checkbox"/> No <input type="checkbox"/>



City of Richmond

Bylaw 8495

**Athletic Commission Bylaw No. 8035
Amendment Bylaw No. 8495**

The Council of the City of Richmond enacts as follows:

1. Bylaw 8035 is amended by:

(a) **Deleting subsection 1.6.2.2 in its entirety, and substituting the following:**

1.6.2.2 The **Commission** shall submit to **Council** the following documents on or before August 1st of each year when annual **Commission** financial transactions are less than \$250,000:

- (a) a copy of the annual financial statement for the preceding year accompanied by the accountant's review engagement financial report; and
- (b) a report of the preceding year's activities.

(b) **Adding subsection 1.6.2.3:**

1.6.2.3 The **Commission** shall submit to **Council** the following documents on or before August 1st of each year when annual **Commission** financial transactions are greater than \$250,000:

- (a) a copy of the annual financial statement for the preceding year accompanied by the auditor's report; and
- (b) a report of the preceding year's activities.

(b) **Adding to Part 1.6 the following:**

1.6.3 Annual Richmond Athletic Commission Scholarship

1.6.3.1 If the Richmond Athletic Commission has surplus funds at year end after all expenses, an amount of up to \$1000 may, at the Commission's discretion, be disbursed as two \$500 scholarships for up to two students graduating Grade 12 from a Richmond School District No. 38 Secondary School and:

- a) are pursuing post-secondary education,
- b) have excelled in athletics,
- c) have demonstrated academic achievement,
- d) have demonstrated community/extracurricular involvement.

(c) Adding to Part 1.9: Permit and License Fees, the following:

- 1.9.2 Richmond Athletic Commission Licenses for Boxers and Participants are issued based on each event and expire immediately after each event.
- 1.9.3 Following the event, the Richmond Athletic Commission will provide the Promoter with a statement of expenses related to the event. Any overpayment will be refunded to the Promoter. The Promoter bears responsibility for any unpaid licenses and withholding taxes for foreign fighters.

(d) Adding to section 2.1.6, the following:

- (j) require the Promoter to meet with the Commission and the Commission's doctor seven days before the proposed engagement to review the satisfactory completion of all conditions and procedures. The Commission reserves the right to cancel the card at that time, or any later time, if it is not satisfied that these conditions are met; and
- (k) require the Promoter to supply the Commission with a completed copy of the official fighter contract for each and every Boxer and Participant in the show **ten days prior** to the show. All copies of the Richmond Athletic Commission Official Contract must be signed by the individual holding the Promoter's License.

(e) Adding to section 2.4.3, the following:

- 2.4.3.5 All Boxers and Participants shall produce their current license issued by the Commission or secure their license at the weigh-in. At the weigh-in Boxers will also be responsible for completing: (i) Release of Liability, Waiver of Claims and Indemnity Agreement, and (ii) Drug Testing Consent form.

(f) Deleting subsection B (3) in Schedule A - Fee Schedule "Seconds Fee \$5.00" and substituting it with the following:

"B (3). Annual License Fees: Seconds Fee \$20.00"

2. This Bylaw is cited as "**Athletic Commission Bylaw No. 8035, Amendment Bylaw No. 8495**".

FIRST READING

SECOND READING

THIRD READING

LEGAL REQUIREMENTS SATISFIED

ADOPTED

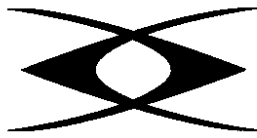
MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

RICHMOND ATHLETIC COMMISSION
Financial Statements
December 31, 2007





BLUE FISH GROUP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Directors of Richmond Athletic Commission

We have audited the statement of financial position of Richmond Athletic Commission as at December 31, 2007 and the statement of revenue and expenditures and net assets and the statement of cash flows for the period July 11, 2007 to December 31, 2007 (note 1). These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2007 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Blue Fish Group

Chartered Accountants

Burnaby, B.C.
October 24, 2008

RICHMOND ATHLETIC COMMISSION

Statement of Financial Position

December 31, 2007

ASSETS

CURRENT

Cash \$ 34,369

LIABILITIES AND NET ASSETS

CURRENT

Net refundable security deposits received from Promoters (Note 2) \$ 27,789

NET ASSETS

Unrestricted net assets 6,580

\$ 34,369

ON BEHALF OF THE BOARD

_____ *President*

_____ *Treasurer*

See accompanying notes to financial statements



RICHMOND ATHLETIC COMMISSION
Statement of Revenue and Expenditures and Net Assets
Period Ended December 31, 2007

REVENUE	
Event fees	\$ 4,650
License fees	1,170
Broadcast fees	900
Other income	52
	<hr/>
	6,772
	<hr/>
EXPENDITURES	
Bank charges	24
Office and miscellaneous	168
	<hr/>
	192
	<hr/>
EXCESS OF REVENUE OVER EXPENDITURES	6,580
NET ASSETS - Beginning of period	<hr/>
	-
NET ASSETS - End of period	<hr/>
	\$ 6,580
	<hr/>

See accompanying notes to financial statements



RICHMOND ATHLETIC COMMISSION

Statement of Cash Flows

Period Ended December 31, 2007

OPERATING ACTIVITIES

Excess of revenue over expenditures \$ 6,580

Changes in non-cash working capital:

Net refundable security deposits received from Promoters 27,790

Cash flow from operating activities 34,370

INCREASE IN CASH FLOW 34,370

CASH - Beginning of period -

CASH - End of period \$ 34,370

CASH CONSISTS OF:

Cash \$ 34,370

See accompanying notes to financial statements



RICHMOND ATHLETIC COMMISSION

Notes to Financial Statements

Period Ended December 31, 2007

1. PURPOSE AND STATUS OF THE COMMISSION

On July 11, 2007, the City of Richmond established the Richmond Athletic Commission by way of the Athletic Commission Bylaw 8035. The Commission's purpose is to regulate, control, supervise or prohibit regulated sporting events such as professional boxing contests within the City of Richmond. The Commission is a not-for-profit organization, and is a tax-exempt entity, under Section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

License fees are recognized in the year of receipt as all licences expire on December 31st of the year of issue.

Event fees and broadcast fees are recognized as revenue upon the completion of the related event.

Financial instruments

The Commission has adopted CICA Handbook Section 3855, Financial Instruments. This standard requires all financial instruments within its scope to be included on the organization's statement of financial position and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value, if any, are to be recognized in the statements of revenue and expenditures and net assets.

All financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

The Commission's financial instruments consist of cash and net refundable security deposits received from Promoters. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

In accordance with this new standard, the Commission has classified its financial instruments as follows:

- Cash and cash equivalents are classified as held for trading.
- Net refundable security deposits received from Promoters are classified as other financial liabilities.

(continues)



RICHMOND ATHLETIC COMMISSION

Notes to Financial Statements

Period Ended December 31, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The precise value of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of approximations which have been made using careful judgement. Actual results could differ from those approximations.

Net refundable security deposits received from Promoters

The Commission receives, in trust, refundable security deposits from Promoters of boxing events. These deposits serve to secure the Promoters' obligations in relation to the respective event. These deposits are disbursed by the Commission, on behalf of the Promoters, to various parties such as the athletes, referees, judges, timekeepers, medical personnel, ambulances and other event expenditures. The refundable security deposits received by the Commission are not considered revenue to the Commission. Similarly, the disbursements of funds on behalf of the Promoters are not considered expenditures of the Commission. The net refundable security deposits received from Promoters represents the net excess of funds received over disbursements as at the year-end. This net amount was paid back to the Promoters subsequent to the year-end.

3. DONATED SERVICES

The Commission receives voluntary services in conducting some of its activities. Donated services of a non-remunerative nature are not recognized in these financial statements.

4. ECONOMIC DEPENDENCE

The Commission is economically dependent on license fee income and event fee income from regulated sporting events. These events may or may not take place in the City of Richmond in a given fiscal year.

