



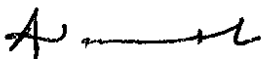
City of Richmond

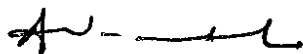

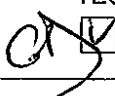
Report to Committee

To: Finance Committee **Date:** October 29, 2009
From: Andrew Nazareth **File:**
General Manager, Business & Financial Services
Re: **2009 1st Quarter Financial Information for Richmond Olympic Oval Corporation**

Staff Recommendation

That the report on Financial Information for the first quarter ended March 31, 2009 be received for information.


Andrew Nazareth
General Manager, Business & Financial Services
(604-276-4095)

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
		
REVIEWED BY TAG	YES	NO
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REVIEWED BY CAO	YES	NO
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Staff Report

Origin

At the Regular Council Meeting held on October 26, 2009, the following resolution was carried during the discussion on the Richmond Olympic Oval Corporation Board Interim Review:

That staff be directed to:

- a) *consider better and more timely reporting methods as envisioned in section 7.3 of the Oval Operating Agreement and otherwise.*

Section 7.3 of the Operating Agreement between the City of Richmond and the Richmond Olympic Oval Corporation discusses 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 first quarter results for the 3 months ended March 31, 2009 along with projected results for fiscal 2009.

Analysis

Please see attachment for the Statement of Earnings for the 3 months ending March 31, 2009.

The first quarter financial results show year to date net income of \$242k versus a budgeted net loss for first quarter of \$305k, a favourable variance of \$548k. This is a combination of both revenues and expenses having favourable variances. Revenues for Q1 were \$1,961k versus budgeted revenues of \$1,771k, representing a favourable variance of \$190k (or 11%). Expenses for Q1 were \$1,719k versus budgeted expenditures of \$2,077k, a favourable variance of \$358k (or 17%). More detailed explanations of these variances are provided below.

Basis of accounting

The Q1 budget represents one quarter of the approved budget for the year (not including the Summer Camps revenue). The approved budget is the full 12 month budget. The projected results for 2009 include actual results to March 31, 2009 and projected results for the balance of the year based on a review of all revenues, expenses, assumptions and trends for the remaining 9 months to December 31, 2009. The expected 2009 funding from the Games Operating Trust ("GOT"), deferred GOT revenue as at December 31, 2008 of \$806k and the Grant received from the City of \$1,050k are recognized as revenue evenly over the year, of which 3 months of revenue has been recognized as of March 31, 2009. Amortization of the costs of Oval equipment and capitalized leases has been included and was not in the budget being a non-cash item.

Analysis of significant variances

- Projected Camps revenues and expenses have been decreased to reflect current expected enrolment;

- On an overall basis, salaries and benefits in all departments are generally within 5% of budget except Facility Operations which is projected to have a reduction of about 17% primarily due to the ice-out period which took place between April and May 2009;
- The Special Events expenses mainly include the costs associated with the Canadian and World Speed Skating Championships and Racket Rally and have been segregated from the various departments because they are not recurring;
- In order to establish the Oval brand in the market place and to build memberships, marketing costs are higher than expected due to greater use of consultants and the costs of development of marketing and sales materials;
- Facility Operations are projected to have lower repairs and maintenance, security, garbage and recycling and various maintenance contract costs;
- Administration and Finance costs for 2009 are projected to be \$308k below budget due to lower projected IT contract and consultant costs; and
- Projected Utilities costs for 2009 show a large positive variance of \$710k (or 39%) due mainly to reduced electricity and gas costs as we are now able to analyze the actual bills while the budget was based on estimates from a similar facility.

Summary

Recognition of a quarter of the \$806k of GOT funding deferred in 2008 has caused the increase in revenue for the year. Q1 expenses are lower than budget by an aggregate \$441k before amortization of \$83k. The latest projected year 2009 revenues from operations before GOT and City funding are \$935k lower than budget mainly due to anticipated reductions in the summer camps revenues of \$754k and the effect of various incentive programs designed to build memberships. The projected year 2009 expenses before amortization of \$360k have a positive variance of \$1,201k (or 14%) due to matters explained above.

Financial Impact

None.

Conclusion

The first quarter financial results show an overall favourable variance of \$548k to net income. This is mainly due to favourable variances in the GOT revenues and the expenses pertaining to Facility Operations, Administration and Finance and Utilities.



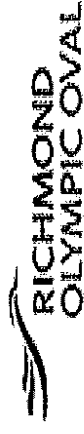
Rick Dusanj, CA
Manager, Business Advisory Services
(604-276-4103)

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Earnings

For The 3 Periods Ending March 31, 2009

Unaudited



	QTR 1 2009 BUDGET	QTR 1 2009 ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	Approved Budget 2009	Projected results for 2009	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)
Revenue from operations:								
Zones	215,500	227,730	12,230	6%	862,000	782,234	(79,766)	-9%
Camps	-	-	-	-	900,000	146,100	(753,900)	-84%
Other operations:	81,750	67,745	(14,005)	-17%	327,000	221,470	(105,530)	-32%
Funding from GOT	1,201,500	1,402,995	201,495	17%	4,806,000	5,612,000	806,000	17%
Grant from City	262,500	262,500	-	0%	1,050,000	1,050,000	-	0%
Other	10,000	496	(9,504)	-95%	40,000	44,500	4,500	11%
Total revenue	1,771,250	1,961,466	190,216	11%	7,985,000	7,856,304	(128,696)	-2%
Expenses:								
Program services:								
Client services	134,000	115,975	18,025	13%	536,000	511,540	24,460	5%
Event Services	36,000	20,929	15,071	42%	144,000	145,330	(1,330)	-1%
Sport Services	121,000	105,641	15,359	13%	484,000	653,134	(169,134)	-35%
Fitness Services	85,250	64,695	20,555	24%	341,000	280,641	60,359	18%
Special Events	3,750	49,145	(45,395)	-1211%	15,000	166,990	(151,990)	-1013%
Other Program Expenses	-	6,622	(6,622)	-	-	53,033	(53,033)	-
Marketing	89,250	136,310	(47,060)	-53%	357,000	426,162	(69,162)	-19%
Total program expense	469,250	499,318	(30,068)	-6%	1,877,000	2,236,830	(359,830)	-19%
Facility Operations	511,750	385,989	125,761	25%	2,047,000	1,504,317	542,683	27%
Admin/Finance	643,000	522,437	120,563	19%	2,572,000	2,264,087	307,913	12%
Utilities	452,500	228,135	224,365	50%	1,810,000	1,099,365	710,635	39%
Amortization	-	83,181	(83,181)	-	-	360,000	(360,000)	-
Total expenses	2,076,500	1,719,060	357,440	17%	8,306,000	7,464,599	841,401	10%
Net income (loss) for the period	(305,250)	242,406	547,656	179%	(321,000)	391,705	712,705	222%

NOTE: Numbers may be off due to rounding.