



City of Richmond

Report to Committee

To: Finance Committee

Date: February 28, 2013

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: 4th 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 fourth quarter ended December 31, 2012 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: February 28, 2013

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 – 4th 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 fourth quarter business plan and financial results for the 3 months ended December 31, 2012 (“Q4”) which was approved by the Corporation’s Board of Directors.

Business Plans and Planning

Highlights of the activities undertaken by the Corporation during Q4 are described below.

Community Use

The Corporation continued to provide facility access to the Richmond community. At the end of Q4, 78% of members were Richmond residents. Batting and golf cages were completed and custom programming with Richmond City Baseball has begun. Some of these programs will begin in early 2013 and plans for drop-in batting and golf are to be implemented in the first quarter of 2013.

Sport Development and Events

High Performance Services continues to make its mark at the Oval. In Q4, nine teams from the Richmond Soccer Association started high performance training and the women’s national soccer team continued training at the Oval following their Olympic bronze medal. As well, both the Canadian National Women’s and Men’s Field Hockey Teams continued their high performance

training. High Performance Services also hosted and/or provided integrated support services to a number of training camps and symposiums in Q4 such as Canadian Soccer Association Women's National Camps, Karate BC Training Camp, Judo BC Training Camp, BC Weightlifting Camp, BC Weightlifting Symposium, Athlete's Advance Seminar, and the National Coach Certification Program (NCCP) Weightlifting Course. In addition to camps and symposiums, High Performance held an Oval Golf Program Open House, conducted over 5,900 athlete training sessions and entered into a new agreement with the Richmond Sockeyes for high performance training.

Q4 was no exception to the busy event year at the Oval. Some of the highlights included: a continued 4 month contract with BC Ambulance Service for room rentals, the Feis with Beoga Concert and the Red Bull Crashed Ice Qualifiers.

A successful Q4 for Richmond Sport Hosting was highlighted by the acquisition of the 2013 World Grand Prix Fencing Championship to be hosted at the Richmond Olympic Oval from March 22-24. Securing the 2013 BC Powerlifting Winter Classic will be a great test event for the National Championships set to be hosted in Richmond in the summer of 2013.

Governance

Meetings of the Corporation's Board of Directors, the Audit & Finance Committee, and the Business & Budget Planning Committee all took place during Q4.

Comments on the Financial Results for Q4

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 Q4 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 Q4, \$765,000 was transferred into reserves and provision accounts including \$600,000 into the Capital Reserve Fund bringing the total transferred to the capital reserves for 2012 to \$2,400,000.

Analysis of Significant Variances of actual results compared to Budget for Q4 of Fiscal Year 2012:

Q4 result was budgeted at a net income of \$240,000 and the actual results show a net income of \$903,000 before transfers to reserves, a favorable variance of \$663,000. This quarter represents the Oval's most successful quarter to date.

Revenues

Memberships, admissions and programs revenue of \$1,411,000 had a positive variance of \$115,000 (9%) when compared to budget.

Sport Hosting revenue of \$66,000 was recognized to offset the expenditures during Q4.

Other Revenue of \$360,000 was recorded during the quarter which mainly included sponsorship, space leasing, parking, interest revenue, and a rebate received from BC Hydro as part of the relamping project that was undertaken at the Oval.

Expenses

Memberships, admissions and program services costs over the fourth quarter of 2012 were \$810,000 which is \$90,000 (10%) under budget.

Facility Operations costs for Q4 were \$919,000 which was \$31,000 (3%) under budget.

Sport Hosting expenses for Q4 were \$66,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

Marketing expenses for Q4 were \$111,000 and were \$25,000 (18%) under budget.

Administration and Finance expenses for Q4 were \$493,000 being \$182,000 (27%) under budget.

Summary

Q4 was the Corporation's most profitable quarter to date and was also one of the most successful in terms of total visits. For the three month period ending December 31, 2012, the Corporation budgeted a net income of \$240,000 and the actual results showed a net income of \$903,000 before transfers to reserves; a favorable variance of \$663,000.



Rick Dusanj
Controller, Richmond Olympic Oval Corporation

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

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations - PSAB

For the quarter ended Dec 31, 2012

Unaudited, prepared by management

	QTR 4 2012			Year ended Dec 31, 2012			QTR 4 2011			Year ended Dec 31, 2011		
	BUDGET	ACTUALS	% Variance Fav/(Unfav)	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	ACTUALS (unaudited)	BUDGET	ACTUALS	% Variance Fav/(Unfav)	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	ACTUALS
REVENUES												
2010 Games Operating Trust Fund	625,000	696,159	11%	71,159		2,784,637	625,000	684,850	10%	59,850		2,739,398
Contribution from City of Richmond	768,471	768,471	0%	-		3,073,883	755,625	755,625	0%	-		3,022,500
Memberships, admissions and programs	1,296,425	1,410,964	9%	114,540		5,481,773	1,278,829	1,163,879	-9%	(114,950)		4,078,266
Sport Hosting (Note 1)	109,500	66,219		(43,281)		426,097	-	94,403		94,403		157,689
Interest and other	209,733	359,778	72%	150,045		1,086,340	242,325	298,998	23%	56,674		935,815
	3,009,128	3,301,590	10%	292,463		12,852,729	2,901,779	2,997,754	3%	95,976		10,933,668
EXPENSES												
Memberships, admissions, and program services	899,287	809,591	10%	89,696		3,331,467	741,303	715,592	3%	25,711		2,622,936
Facility Operations	950,227	918,903	3%	31,324		3,532,457	959,019	740,254	23%	218,765		3,015,183
Marketing	135,750	110,900	18%	24,850		429,944	153,739	71,829	53%	81,910		388,175
Sport Hosting (Note 1)	109,500	66,219		43,281		426,097	-	94,403		(94,403)		157,689
Admin/Finance	674,603	493,064	27%	181,539		2,135,763	671,925	713,531	-6%	(41,606)		2,535,215
	2,769,367	2,398,677	13%	370,690		9,855,728	2,525,986	2,335,609	8%	190,377		8,719,198
Net income after transfer to reserves	239,761	902,913		663,152		2,997,001	375,793	662,145		286,352		2,214,470
Transfers to reserves/provisions (Note 2)	-	765,447		765,447		2,611,786	-	425,000		425,000		1,700,000
Net income after transfer to reserves	239,761	137,466		(102,294)		385,215	375,793	237,145		(138,648)		514,470
												844,659

Note 1 - The Sport Hosting funding is recognized as deferred revenue until spent at which time the revenue and expense are both recognized.

Note 2 - In Q4, \$765,000 was transferred into reserves and provision accounts including \$600,000 into the Operating Capital Reserve Fund.

Numbers may be off due to rounding.

This statement of operations should be read in conjunction with the report on the 4th Quarter 2012 Financial information.