



To: Finance Committee

Date: December 1, 2011

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

File:

Andrew Nazareth
General Manager, Business and Financial Services
& Chief Financial Officer, Richmond Olympic Oval

Re: 3rd Quarter 2011 - Financial Information for the Richmond Olympic Oval Corporation

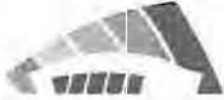
Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2011 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, Business and Financial Services
& Chief Financial Officer,
Richmond Olympic Oval

REVIEWED BY TAG	YES	NO
	<input checked="" type="checkbox"/>	<input type="checkbox"/>



DATE: December 2, 2011

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills
General Manager, Richmond Olympic Oval Corporation

FROM: Rick Dusanj, CA
Controller, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 3rd Quarter 2011 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 third quarter business plan and financial results for the 3 months ended September 30, 2011 (“Q3”).

Business Plans and Planning

Highlights of the activities undertaken by Oval staff during Q3 are described below.

Community Use

The Community Engagement Program, introduced in Q2 to develop greater interest and community involvement in the use of Oval facilities, has resulted in several initiatives in Q3.

Partnership discussions with DRIVE Basketball progressed well in Q3 and were formalized with an announcement in Q4. This partnership will deliver a comprehensive youth player development model supplementing high school coaching and competition, surrounding the passionate and talented basketball athlete with the best coaching, facility and ancillary services required by today’s top athletes, including: nutritional consulting, sports psychology, performance testing, sports rehabilitation, strength and conditioning equipment, and athlete education.

A cross-functional Richmond Health and Wellness Communications Committee was formed, at the initiation of the Oval, and includes representation from Oval Communications and Sport Hosting, City of Richmond Corporate Communications and Parks, Recreation and Culture, Tourism Richmond and the Community Centre Associations. The mandate of this committee is to look for areas of synergy between each communications department, raising awareness among Richmond residents that they have access to the best health and wellness network in the world. Additionally, to residents outside of the City, raising awareness that Richmond is a sport, health and wellness destination. The expected outcomes from this committee will be joint communications and sport hosting events that further the City's existing Sport for Life and Community Wellness strategies.

The Oval continues to provide facility access to the Richmond community. For those rentals that have already been confirmed for the fourth quarter of 2011, Richmond organizations and residents represent a majority of the usage of the ice, track and court areas during prime time, including: 73% of ice usage, 58% of track usage and 81% of court usage. In terms of Membership and Admissions, the Oval now has over 4,000 active members – 83% of which are Richmond residents – and currently attracts 43,000 visits per month. The Oval also recently surpassed 1.5 million visits since opening in December of 2008.

Summer Camp registrants increased 20% over same time last year with 923 registrants in 2011, including the successful addition of Volleyball specific Summer Camps. This is up from 512 and 770 registrants in our 2009 and 2010 Summer Camps respectively. In Q4 2011, the Oval will be adding new Fall Pro-D Day and Winter Break camps.

High Performance Sport

The Volleyball Centre of Excellence has shown solid growth from 2010, almost doubling its participant base from 94 to 177 in Q3 2011. The daytime program has also increased participation by 40% and one-third of athletes in Volleyball Centre of Excellence program were selected to provincial team programs. Additionally, the Volleyball Centre received funding from Volleyball Canada to open a boys program this fall. The Table Tennis Centre of Excellence is showing consistent growth in the number of lessons offered.

The third quarter of 2011 saw the hosting of an Athletes' Performance Phase 1 Mentorship workshop attracting 15 registrants, including two Oval Staff. The Richmond Olympic Oval is the only facility in Canada to offer Athletes Performance training.

The Oval began plans to meet the increasing demand for high performance training and for those who want to train like high performance athletes. High Performance Programming will be approached on an athlete by athlete basis and will include integrated sport services and strength and conditioning coaching for professional athletes and Canada's top provincial, national, and Olympic athletes who are at, or striving for, the podium. HighER Performance Programming is for aspiring youth athletes, adult recreationalists, and those looking to take their personal performance levels beyond traditional fitness.

The Oval continues to support the GymWorks™ carded athlete program with 15 national carded athletes active at the Oval in Q3 of 2011.

Events

The Oval continues to host and secure local and national events. Some of the events that took place in Q3 included the following: Yonex Canada Open Badminton (which will become an annual event), World Senior Badminton Championships, Shoot for Hope basketball tournament, 2011 Canadian Grappling World Team Trials, U.S. College Basketball exhibition games (TWU vs Ball State and TWU vs Texas Arlington), Noah Yelizarov hockey tournament, the Westcoast Basketball Classic, and an Urban Rec Volleyball tournament.

Leasing

LifeMark Sports Medicine officially opened operations in May 2011.

Legacy Partners ("Sponsors")

Sponsorship revenue was earned during Q3.

Governance

Meetings of the Corporation's Board of Directors took place on August 10, 2011 and September 14, 2011. In addition meetings of the Audit & Finance Committee and the Business & Budget Planning Committee took place during Q3.

Comments on the Financial Results for Q3

Basis of Accounting – The unaudited financial statements and budget have been prepared in accordance with Public Sector Accounting Board ("PSAB") standards. The statements are prepared on the following basis:

- 1) The 2011 approved budget is based on fiscal 2011 having operating revenues and operating expenses at levels for a normal year's uninterrupted operations.
- 2) Both, the 2010 Annual Distributable Amount from the 2010 Games Operating Trust ("GOT") of \$2,739,000 and the contribution from the City of Richmond of \$3,022,500, are deferred and amortized to revenue at a rate of 1/12 per month.
- 3) Effective July 1, 2011, the Sport Hosting department from the City of Richmond was transferred over to the Oval Corporation along with funding that is received from Tourism Richmond. Tourism Richmond provides \$500,000 annually to support Sport Hosting activities. The funding is recognized as deferred revenue until it is spent at which time the

revenue and expense are both recognized. In Q3, \$63,000 of expenses pertaining to Sport Hosting were incurred.

Analysis of Significant Variances of actual results compared to Budget for Q3 of Fiscal Year 2011:

Q3 result was budgeted at a **net income** of \$152,000 and the actual results show a net income before transfers of \$395,000, a favorable variance of \$243,000.

Memberships, admissions and programs revenue of \$976,000 had a negative variance of \$36,000 (4%) when compared to budget. Memberships and admissions revenues was \$522,000 had a negative variance of \$46,000 when compared to the budget. Registered programs revenue was \$293,000 and had a positive variance of \$25,000 when compared to budget. Event and room rental revenue during Q3 was \$161,000 and had a negative variance of \$15,000 to budget.

Sport Hosting revenue of \$63,000 was recognized to offset the expenditures during Q3.

Other Revenue of \$202,000 was recorded during the quarter which mainly included sponsorships space leasing, parking and interest revenue

Q3 Salaries and Benefits were \$1,374,000 which was \$60,000 (4%) under budget. This is primarily attributable to savings in the casual labour budget as a result of fewer casual staff being utilized.

Aggregate **Member Care Services, Event Services, Fitness Services, and Facility Operations** costs over the third quarter of 2011 were \$1,177,000, which is \$120,000 (9%) under budget primarily due to salaries being under budget.

Sports Services costs for Q3 were \$314,000 which was \$24,000 (7%) under budget primarily due to savings in the supplies budget.

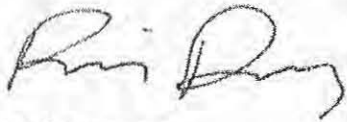
Sport Hosting expenses for Q3 were \$63,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

Marketing expenses for Q3 were \$109,000 and were \$45,000 (29%) under budget.

Administration and Finance expenses for Q3 were \$624,000 being \$49,000 (7%) under budget. This is primarily due to being under budget in the contingency account.

Summary

The three month period ending September 30, 2011 was budgeted at a net income of \$152,000 and the actual results show a net income, before transfers of \$425,000 to the Capital Reserve, of \$395,000; a favorable variance of \$243,000. This is mainly due to favorable variances as discussed above. The approved budget for fiscal year 2011 is projected to have net income of \$601,000 before any transfers to the Capital Reserve and has not been revised based on the favorable variances in the first three quarters of 2011. If the trend continues, the Oval will perform substantially better than the budget.



Rick Dusanj, CA
Controller, Richmond Olympic Oval Corporation

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

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations - PSAB

For the nine months ended September 30, 2011

Unaudited, prepared by management

	QTR 3 2011				9 months 2011				Approved Budget 2011
	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	
REVENUES									
2010 Games Operating Trust Fund	625,000	684,850	59,850	10%	1,875,000	2,054,549	179,549	10%	2,500,000
Contribution from City of Richmond	755,625	755,625	-	0%	2,266,875	2,266,875	-	0%	3,022,500
Memberships, admissions and programs	1,012,431	976,237	(36,194)	-4%	2,872,725	2,922,678	49,953	2%	4,151,554
Sport Hosting (Note 1)	-	63,286	63,286		-	63,286	63,286		-
Interest and other	219,834	201,504	(18,330)	-8%	639,013	636,817	(2,195)	0%	881,337
	2,612,890	2,681,501	68,612	3%	7,653,613	7,944,205	290,592	4%	10,555,391
EXPENSES									
Member care services	260,177	231,216	28,960	11%	782,435	591,664	190,771	24%	1,040,713
Event services	38,064	28,895	9,169	24%	114,190	108,154	6,036	5%	152,252
Sport services	337,170	313,641	23,528	7%	891,868	794,027	97,841	11%	1,185,405
Fitness services	143,736	129,143	14,593	10%	446,585	412,136	34,449	8%	598,011
Facility Operations	854,884	787,526	67,358	8%	2,665,604	2,276,292	389,312	15%	3,624,623
Marketing	153,741	108,697	45,043	29%	461,222	316,346	144,876	31%	614,960
Sport Hosting (Note 1)	-	63,286	(63,286)		-	63,286	(63,286)		-
Admin/Finance	672,654	624,015	48,639	7%	2,066,539	1,829,975	236,564	11%	2,738,464
	2,460,425	2,286,420	174,005	7%	7,428,442	6,391,879	1,036,563	14%	9,954,428
Annual Surplus	152,465	395,082	242,617		225,171	1,552,326	1,327,155		600,963
Accumulated Surplus, beginning of the period	136,617	1,221,155			63,911	63,911			63,911
Accumulated Surplus, end of the period (Note 2)	289,082	1,616,237			289,082	1,616,237			664,874

- Numbers may be off due to rounding.

- Also see attached comments on the results for the Third Quarter of Fiscal Year 2011.

Note 1 - Effective July 1, 2011 the Sport Hosting department (along with the funding) was transferred over from the City of Richmond to the Oval Corporation. The funding is recognized as deferred revenue until spent at which time the revenue and expense are both recognized.

Note 2

Breakdown of accumulated surplus account as at September 30, 2011	
Investment in capital assets	476,921
Reserves	1,275,000
Common Shares	1
Surplus (deficit)	(135,685)
	1,616,237

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