



**To:** Finance Committee

**Date:** March 27, 2012

**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:** 4th Quarter 2011 - Financial Information for the Richmond Olympic Oval  
Corporation

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**Staff Recommendation**

That the report on Financial Information for the Richmond Olympic Oval Corporation for the fourth quarter ended December 31, 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



**DATE:** March 27, 2012

**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 – 4<sup>th</sup> Quarter 2011 Financial information**

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#### **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, 2011 (“Q4”).

#### **Business Plans and Planning**

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

#### Community Use

The Corporation continued to provide facility access to the Richmond community. Richmond organizations and residents represented a majority of the usage of the ice, track and court areas during prime time, including: 84% of ice usage, 54% of track usage and 74% of court usage. In terms of membership usage, the Oval had 4,168 active members at the end of Q4 – 78% of which were Richmond residents – and averaged 740 member scans per day.

Registered programs experienced strong growth in Q4 2011 as revenue from this area increased by 56% compared to Q4 2010. Drop-in fitness classes and Fitness Centre usage are continuing to show strong growth as evidenced by increased attendance figures.

Some new partnerships with local sport organizations were formed in the last quarter in 2011, including an official announcement of the DRIVE basketball partnership on November 16, 2011.

Negotiations with the Richmond Soccer Association (RSA) also wrapped up, with agreements expected to be finalized in 2012. These partnerships will deliver comprehensive youth player development models supplementing high school and community coaching and competition. Additionally the following services, nutritional consulting, sports psychology, performance testing, sports rehabilitation, strength and conditioning training will be available to athletes at all levels.

### Sport Development and Events

Strong attendance at the Oval's complimentary introductory group training programs, delivered in mid-December, validated demand estimates for strength, fitness and flexibility training in sport-specific groups.

Partnerships with LifeMark are expanding to include two contract Sport Dieticians who provide consultations to clients. LifeMark's Sport Medical are further integrated with the Oval resulting in greater client referrals between each organization.

The Oval signed a Memorandum of Understanding (MOU) with the Canadian Sport Centre Pacific, a BC-based delivery partner, which is jointly aimed at strengthening the Canadian sport system. This strategic alliance outlined areas for 'Collaborative Work' (including the Oval's stewardship of the Ignite Program, and the hosting of national teams and events) and the 'Transfer of Best Practices and Knowledge'.

The Volleyball Centre of Excellence introduced a new boys program to complement its already strong girls programs. Twelve boys are enrolled in the weekday daytime and sixteen are in the weekend high performance program. Events hosted by the Volleyball Centre included: two parent education evenings, an Atomic Jamboree, a UBC Coaching Symposium (60 Coaches) and the Junior Girls High School Provincial Championships (16 teams).

The Oval continues to host a variety of local and national events. Some of the events that took place in Q4 included the following: Western Marine Trade Show, Dairy Farmer Film Shoot, Glen Sutor Football Camp, American Housewife Film Shoot, Panther Cheer Competition, and the Toyota Product Launch.

### Governance

A meeting of the Corporation's Board of Directors and the Annual Information Meeting for the Richmond Olympic Oval Corporation took place on November 30, 2011. In addition, meetings of the Audit & Finance Committee and the Business & Budget Planning Committee took place during Q4.

## Comments on the Financial Results for Q4

**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) \$1,700,000 has been transferred to the Capital Reserve in accordance with the Richmond Oval Agreement between the City and the Oval.
- 2) The 2011 approved budget is based on uninterrupted operations, the first such fiscal year since the Oval opened in 2008.
- 3) The 2010 Annual Distributable Amount from the 2010 Games Operating Trust (“GOT”) of \$2,739,000 was deferred and amortized to revenue at a rate of 1/12 per month.
- 4) Effective July 1, 2011, the Sport Hosting department from the City was transferred over to the Corporation along with separate funding that is attached to that function through the hotel tax. The funding is recognized as deferred revenue until it is spent at which time the revenue and expense are both recognized. In Q4, \$94,000 of expenses pertaining to Sport Hosting were incurred. The identical amount of revenue was recognized.
- 5) In the fourth quarter of 2011, the CEO of the Oval implemented a spending freeze whereby requests for purchases of discretionary items required prior approval from the City’s Discretionary Spending Committee. This added level of oversight contributed to the overall favorable variance in the fourth quarter.

### Analysis of Significant Variances of actual results compared to Budget for Q4 of Fiscal Year 2011:

**Q4 result** was budgeted at a **net income** of \$376,000 and the actual results show a net income before transfers of \$707,000 a favorable variance of \$331,000.

#### Revenues

**Memberships, admissions and programs** revenue of \$1,219,000 had a negative variance of \$60,000 (5%) when compared to budget. The anticipated incremental growth in revenue for each quarter flattened somewhat in Q4, but overall the year to date revenues were on track.

**Sport Hosting** revenue of \$94,000 was recognized to offset the expenditures during Q4.

**Other Revenue** of \$236,000 was recorded during the quarter which mainly included sponsorship revenue, space leasing, parking, and interest revenue.

## Expenses

Aggregate **Member Care Services, Event Services, and Fitness Services** costs over the fourth quarter of 2011 were \$414,000 which is \$34,000 (8%) under budget primarily due to salaries being under budget.

**Sports Services** costs for Q4 were \$289,000 which was \$4,000 (2%) under budget due to managing auxilliary staff resources.

**Facility Operations** costs for Q4 were \$757,000 which was \$202,000 (21%) under budget primarily due to utilitles being under budget by \$135,000, wages being under budget by \$27,000 and supplies being under budget by \$38,000.

**Sport Hosting** expenses for Q4 were \$94,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

**Marketing** expenses for Q4 were \$74,000 and were \$80,000 (52%).under budget.

**Administration and Finance** expenses for Q4 were \$654,000 which was \$18,000 (3%) under budget.

## **Summary**

The three month period ending December 31, 2011 was budgeted at a net income of \$376,000 and the actual results show a net income, before transfers of \$425,000 to the Capital Reserve, of \$707,000; a favorable variance of \$331,000. This is mainly due to favorable variances as discussed above. Overall for 2011, the Oval earned an unaudited net income of \$560,000, after transfers of \$1,700,000 to the reserves.



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**

For the year ended December 31, 2011

Unaudited, prepared by management

	QTR 4				Year ended December 31,			
	2011		2011		2011		2011	
	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUALS	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)
<b>REVENUES</b>								
2010 Games Operating Trust Fund	625,000	684,850	59,850	10%	2,500,000	2,739,398	239,398	10%
Contribution from City of Richmond	755,625	755,625	-	0%	3,022,500	3,022,500	-	0%
Memberships, admissions and programs	1,278,829	1,218,748	(60,081)	-5%	4,151,554	4,133,135	(18,419)	0%
Sport Hosting (Note 1)	-	94,403	94,403	-	-	157,689	157,689	-
Interest and other	242,325	235,867	(6,458)	-3%	881,337	872,684	(8,653)	-1%
	2,901,779	2,989,492	87,713	3%	10,555,391	10,925,406	370,015	4%
<b>EXPENSES</b>								
Member care services	258,279	225,796	32,482	13%	1,040,713	817,460	223,253	21%
Event services	38,062	31,990	6,072	16%	152,252	140,144	12,108	8%
Sport services	293,538	289,118	4,420	2%	1,185,405	1,084,509	100,896	9%
Fitness services	151,425	156,252	(4,827)	-3%	598,011	568,388	29,623	5%
Facility Operations	959,019	757,498	201,521	21%	3,624,623	3,032,427	592,196	16%
Marketing	153,739	73,592	80,146	52%	614,960	389,938	225,022	37%
Sport Hosting (Note 1)	-	94,403	(94,403)	-	-	157,689	(157,689)	-
Adm/ly/Finance	671,925	653,926	17,999	3%	2,738,464	2,474,594	263,870	10%
	2,525,986	2,282,575	243,411	10%	9,954,428	8,665,147	1,289,281	13%
<b>Net income before transfer to reserves</b>	375,793	706,917	331,124		600,963	2,260,259	1,659,296	
<b>Transfer to reserves</b>	-	425,000			-	1,700,000		
<b>Net income after transfer to reserves</b>	375,793	281,917	(93,876)		600,963	560,259	(40,704)	

- Numbers may be off due to rounding.

- Also see attached comments on the results for the Fourth 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.