



# City of Richmond

## Report to Committee

**To:** Finance Committee

**Date:** March 4, 2011

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

**File:**

**Re:** Richmond Olympic Oval Corporation- Budget for fiscal year 2011

### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the Budget for fiscal year 2011 from the General Manager of the Richmond Olympic Oval Corporation be received for information.

Andrew Nazareth  
General Manager, Business and Financial Services  
& Chief Financial Officer, Richmond Olympic Oval  
(604-276-4095)

<b>FOR ORIGINATING DEPARTMENT USE ONLY</b>		
<b>CONCURRENCE OF GENERAL MANAGER</b> 		
<b>REVIEWED BY TAG</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
<b>REVIEWED BY CAO</b>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>



**DATE:** March 4, 2011

**TO:** Mayor and Councillors

**FROM:** John Mills  
General Manager  
Richmond Olympic Oval Corporation

**RE:** *Richmond Olympic Oval Corporation Financial Information  
– Budget for fiscal year 2011*

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**Origin**

Article 7.3 of The Richmond Operating Agreement (ROA) requires that the Richmond Olympic Oval Corporation (Oval) submit, among other financial reports, annual operating and capital budgets to the City.

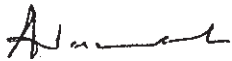
**2011 Budget Highlights**

This report reflects a balanced budget for 2011.

Highlights:

- The 2010 Games Operating Trust (GOT) Board has indicated that they will be distributing the maximum annual distributable amount along with some of the contingency fund for a total of \$2.5 million.
- The additional \$1.5 million contribution from the City will assist in making it possible to contribute \$1.7 million to the Capital Reserves in 2011 as required by the ROA.
- Membership revenue forecasts have been increased as 2010 sales have significantly outperformed the Business Plan targets. Membership revenue reflects 12 months of continuous operation compared to only four full months in 2010.
- Labour costs in the 2011 budget represent approximately 59% of the total operating budget. Reasons for this staffing level can be attributed to the following:

- o Both increased usage and the pace of membership sales require additional service by Operations, Client Services, Security and Member Care.
- o Expanded High Performance Sport (HPS) programming, building on the pilot projects introduced in 2010, return revenue matching over 80% of its expenditures. These HPS programs will, in part, honour the Oval's obligations to GOT.
- The Contingency expense amounts to 5% of non-payroll expenses before amortization was included.
- The cash flow budget for 2011 indicates the Oval's favourable cash position of \$79,000 after the \$1.7 million capital reserve requirement.



*per* John Mills  
General Manager  
Richmond Olympic Oval Corporation

JM/vl

cc: Andrew Nazareth, Chief Financial Officer  
Richmond Olympic Oval Corporation

**Richmond Olympic Oval Corporation**  
**Budget for the year ended December 31, 2011**

	<u>2010</u> <u>Approved</u> <u>Budget</u>	<u>2010</u> <u>Unaudited</u> <u>Results</u>	<u>2011 Budget</u>
<i>Revenues</i>			
2010 Games Operating Trust Fund	\$ 2,300,000	\$ 2,305,000	\$ 2,500,000
City of Richmond contribution	1,500,000	1,500,000	3,023,000
Operating revenues	1,654,000	1,622,000	5,033,000
<b>Total revenue</b>	<b>5,454,000</b>	<b>5,427,000</b>	<b>10,556,000</b>
<i>Expenses</i>			
Salaries and benefits	\$ 3,582,000	\$ 3,620,000	\$ 5,851,000
Utilities	940,000	820,000	1,108,000
General administration, IT, and insurance	922,000	756,000	1,013,000
Supplies and equipment	378,000	412,000	674,000
Marketing	254,000	295,000	406,000
Program services	125,000	101,000	190,000
Other costs and contingency	-	-	215,000
Amortization	450,000	485,000	498,000
<b>Total expenses</b>	<b>6,651,000</b>	<b>6,489,000</b>	<b>9,955,000</b>
<b>Net income (loss)</b>	<b>\$ (1,197,000)</b>	<b>\$ (1,062,000)</b>	<b>\$ 601,000</b>
Retained earnings (deficit), beginning of year			
Retained earnings (deficit), end of year			
<b>Cash Flow Budget:</b>			
Net income for the year		\$ (1,062,000)	\$ 601,000
Add: non-cash item - Amortization		485,000	498,000
Add: deferred revenue		458,000	666,000
Add: increase in payable		152,000	200,000
Less: repayment of obligations under capital leases		(235,000)	(232,000)
Less: increase in deferred lease costs		(259,000)	-
Less: capital expenditure		(168,000)	(345,000)
<b>Increase (decrease) in cash</b>		<b>(629,000)</b>	<b>1,388,000</b>
<b>Cash, beginning of year</b>		<b>1,020,000</b>	<b>391,000</b>
<b>Cash, end of year</b>		<b>391,000</b>	<b>1,779,000</b>
<b>Effect of Capital Reserves Funding Allocation</b>			<b>(1,700,000)</b>
		<b>\$ 391,000</b>	<b>\$ 79,000</b>