



City of Richmond

Report to Committee

To: Finance Committee

Date: December 17, 2020

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

File:

Re: 3rd Quarter 2020 – Financial Information for the Richmond Olympic Oval

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2020 from the Interim Senior Manager, Finance and Administration, Richmond Olympic Oval Corporation be received for information.

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

DATE: December 14, 2020

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

FROM: Rick Dusanj, CPA, CA
Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 3rd Quarter 2020 Financial information**

Origin

This staff report addresses the third quarter financial results for the 3 months ended September 30, 2020 ("Q3") which was approved by the Corporation's Board of Directors.

Highlights

The following are some of the highlights of the activities undertaken by the Corporation during Q3. It should be noted that the Corporation has mirrored the City of Richmond's approach to the COVID-19 pandemic. City Council have supported the protective measures recommended by Senior Staff due to this pandemic including the closure of the Oval in mid-March, along with all City arenas, pools, and recreation centres. During the closure, the Corporation started planning for the eventual and appropriately timed reintroduction of programs and services which was conducted in accordance with the provincial health and safety guidelines as our guiding principle. After three and a half months of not being open to the public to provide programs and services, the Oval began to offer limited services at the beginning of Q3 which have continued into the fourth quarter.

Community Use

On July 2, 2020 the Richmond Olympic Oval began its progressive resumption of services following a temporary facility closure due to COVID-19. The Oval reconfigured its spacious floor plan to deliver modified group fitness classes and provided access to fitness equipment and select sport activities in its wide-open spaces enhanced by its robust air filtration system. With enhanced cleaning protocols, pre-registration of all activities for contact tracing and one-way movement through the building, Richmond residents and the broader community safely returned to its sport and fitness routines. As a part of the initial resumption of services, the Oval's new climbing wall opened and has been met with positive feedback from the climbing community and is frequently at full capacity for drop-in sessions.

In accordance with the Richmond Oval Agreement between the City of Richmond ("City") and the Corporation, the funding that is received from the City on an annual basis is required for the Corporation to fulfill the operating objectives which include the Corporation providing facilities, programs and services for quality sport, fitness, recreational uses and wellness services for the Richmond community, neighbouring communities and the general public. Without the Oval and the annual contribution from the City, these facilities, programs and services would have to be provided elsewhere.

The OVALfit at Home program continued throughout Q3 and delivered 5 weekly workouts on the Oval's Facebook and Instagram channels for individuals who were not ready to return to their fitness activities at the Oval. The workouts varied from at-home filming of popular Zumba classes, to streaming live classes such as OVALfit Step Intervals live from the Oval. Available at no cost to the community, the OVALfit at Home workouts have garnered over 80,000 views to date.

During Q3, the Oval welcomed back the following user groups from Richmond or strong Richmond based participation: Drive Basketball, Vancouver Ki Society, Aura Gymnastics, Brazilian Soccer School, Urban Rec, Connaught Figure Skating, RACA, Greater Vancouver Canadians, and NCHL. Each user group was required to submit a plan to the Oval that demonstrates their compliance with viaSport's Return to Sport plan for a safe return to training. Each plan was required to detail physical distancing measures, contact tracing tactics and adherence to cohort and capacity limits.

Sport Development and Events

Due to COVID-19 and the restrictions on gatherings over 50 individuals, events scheduled to take place in Q3 at the Oval were postponed. Several of these events were rescheduled for 2021. Some of the future new events secured in Q3 by Events and Sport Hosting include: Climbing Escalade Canada National Championships 2021.

In addition to local sport organizations that resumed training at the Oval during Q3, national team training also resumed including the following; Volleyball Canada women's national team, Volleyball Canada National Excellence Program (NEP), Field Hockey Canada men's national team, Wheelchair Rugby Canada and Wheelchair Basketball Canada.

High Performance department camps & programs that took place during Q3 included:

- Basketball Academy
- Volleyball Camps
- Speed Skating Camp
- Climbing Program
- Volleyball Regional Excellence Program (REP)
- Speed Skating Program

Governance

Meetings of the Corporation's Audit & Finance Committee and the Board of Directors took place during Q3.

Financial

The Oval closed to the public in mid-March and was closed for the duration of Q2. The YTD results for the 9 months ended September 30, 2020 show a loss of \$550,000 after amortization. Before amortization, the Corporation has a YTD net income of \$664,000 (please see page 4 for the Corporation's balance sheet as of September 30, 2020 and page 5 for the statement of operations).

Comments on the Financial Results for Q3

Revenues

The Q3 portion of the estimated 2020 Games Operating Trust Fund ("GOT") distribution of \$740,000 was recognized as revenue. Memberships, admissions and programs revenue was \$689,000 in Q3 and other revenue of \$339,000 primarily pertained to sponsorship, space leasing, parking, interest and grant funding revenue.

Expenses

Memberships, admissions and program services costs for Q3 2020 were \$953,000, facility operations costs were \$892,000, marketing expenses were \$112,000, and administration and finance expenses were \$566,000.



Rick Dusanj, CPA, CA

Interim Senior Manager, Finance & Administration, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at Sept 30, 2020****Unaudited, prepared by management**

| | | Sept 30, 2020 |
|--|----|----------------------|
| ASSETS | | |
| Financial Assets | | |
| Cash | \$ | 2,011,935 |
| Investments | | 13,337,639 |
| Inventory | | 169,016 |
| Accounts receivable | | 569,354 |
| | | <u>16,087,944</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | | 1,719,720 |
| Deferred revenue | | 7,004,360 |
| Rental deposits | | 7,373 |
| | | <u>8,731,452</u> |
| Net financial assets | | 7,356,492 |
| Non-Financial Assets | | |
| Tangible capital assets | | 11,341,388 |
| Deferred lease costs | | 4,334 |
| Prepaid expenses and other deposits | | 231,590 |
| | | <u>11,577,312</u> |
| Accumulated Surplus (Note 1) | \$ | 18,933,804 |

Note 1 - Breakdown of accumulated surplus account is as follows:

| | |
|------------------------------|-------------------|
| Investment in capital assets | 8,560,800 |
| Reserves/Provisions | 9,428,578 |
| Common Shares | 1 |
| Surplus | 944,425 |
| | <u>18,933,804</u> |

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to fund the Oval's future capital program, which has averaged \$2.80M annually over the past 5 years. The amount transferred each quarter varies and the final amount is determined by the Capital Works Committee in accordance with the operating agreement.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended September 30, 2020

Unaudited, prepared by management

| | QTR 3 2020 | | | % Variance Fav/(Unfav) | YTD ended Sept 30, 2020 | | | % Variance Fav/(Unfav) | 2020 BUDGET |
|--|---------------|-----------|----------------------------|---------------------------|----------------------------|-----------|----------------------------|---------------------------|----------------|
| | BUDGET | ACTUAL | \$ Variance Fav/(Unfav) | | BUDGET | ACTUAL | \$ Variance Fav/(Unfav) | | |
| REVENUES | | | | | | | | | |
| 2010 Games Operating Trust Fund | 725,000 | 739,595 | 14,595 | 2% | 2,175,000 | 2,217,802 | 42,802 | 2% | 2,900,000 |
| Contribution from City of Richmond | 899,482 | 899,482 | - | 0% | 2,698,445 | 2,698,445 | - | 0% | 3,597,926 |
| Memberships, admissions and programs | 2,553,035 | 688,555 | (1,864,480) | -73% | 7,076,026 | 2,742,556 | (4,333,470) | -61% | 9,367,603 |
| Other | 500,782 | 338,858 | (161,924) | -32% | 1,502,347 | 1,198,924 | (303,423) | -20% | 1,957,277 |
| | 4,678,299 | 2,666,490 | (2,011,808) | -43% | 13,451,818 | 8,857,726 | (4,594,091) | -34% | 17,822,806 |
| EXPENSES | | | | | | | | | |
| Memberships, admissions and program services | 1,768,880 | 953,348 | 815,532 | 46% | 4,853,399 | 3,137,265 | 1,716,134 | 35% | 6,405,633 |
| Facility Operations | 1,180,381 | 892,480 | 287,901 | 24% | 3,541,144 | 2,695,327 | 845,817 | 24% | 4,721,527 |
| Marketing | 172,674 | 112,463 | 60,211 | 35% | 517,779 | 351,707 | 166,072 | 32% | 686,470 |
| Admin/Finance | 828,008 | 566,198 | 261,811 | 32% | 2,479,664 | 2,009,368 | 470,296 | 19% | 3,306,216 |
| Amortization | 500,001 | 417,325 | 82,676 | 17% | 1,500,001 | 1,214,313 | 285,688 | 19% | 2,000,000 |
| | 4,449,944 | 2,941,814 | 1,508,130 | 34% | 12,891,987 | 9,407,980 | 3,484,007 | 27% | 17,119,846 |
| | | | | | | | | | |
| Net Income/(Loss) | 228,355 | (275,324) | (503,679) | -221% | 559,831 | (550,254) | (1,110,085) | -198% | 702,960 |

Numbers may be off due to rounding.