



To: Finance Committee

Date: August 22, 2012

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: 1st 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 first quarter ended March 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: August 22, 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 – 1st 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 first quarter business plan and financial results for the 3 months ended March 31, 2012 ("Q1").

Business Plans and Planning

Highlights of the activities undertaken by Corporation staff during Q1 are described below.

Community Use

The Corporation continued to provide facility access to the Richmond community. Richmond organizations and residents represented a large portion of the usage of the ice, track and court areas during prime time, including: 64% of ice usage, 44% of track usage and 73% of court usage. The Corporation's membership usage also continues to grow with 78% of members being Richmond residents at the end of Q1. There was an average of 889 member scans per day in Q1 2012 (up from 740 per day in Q4 2011).

Registered programs experienced strong growth in Q1 2012 as revenue from this area increased by 25% compared to Q1 2011 primarily due to the revenue generated from the new High Performance Training area. Drop-in fitness classes and Fitness Centre usage are continuing to show strong growth as evidenced by increased attendance figures. Summer sport camp registrations were also 15% ahead at the end of Q1 2012 compared to the end of Q1 2011. The Corporation's new Climbing Wall

opened to 'Member Sneak Peaks' and 'Spring Break Tie 'n Trles' during the last week of March with 369 registrants. Learn to Climb courses and paid climbing admissions began in Q2. The Corporation is also currently researching the feasibility of offering programs for children aged 0-6.

DRIVE Basketball at the Richmond Olympic Oval launched successfully in January with daily/weekend sessions and camps involving 335 athletes.

Sport Development and Events

The Corporation's new High Performance Training Centre opened in January of 2012. Programming of this space has already showcased the Corporation's unique legacy by seamlessly combining community and high performance sport. The Oval is becoming the home to HighER Performance programs for aspiring youth athletes and adult recreationalists as well as Canada's Olympic Women's Soccer Team as they trained for the 2012 Olympic Summer Games in London. There were 36 Olympic athletes that trained in our High Performance programs preparing for competition in the 2012 Olympic Summer Games in London in 10 different Olympic sports, including: Synchronized Swimming, Biathlon, Judo, Soccer, Table Tennis, Volleyball, Beach Volleyball, Tennis, Fencing and Rugby.

In Q1, the Corporation confirmed the IGNITE program start date of June 12, 2012. This program is a joint effort between the Corporation and Canadian Sport Centre Pacific and is designed to help athletes between the ages of 14 and 17 improve their athleticism, physical literacy and fitness with the aim of producing future champions for Canada.

Richmond Celebrates Scotiabank Hockey Day in Canada, which attracted 16,000 participants from across Metro Vancouver and highlighted the Oval on national television, headlined a variety of local and national events hosted at the Oval in Q1, including: the Futsal Provincial Championships, the Judo Vancouver International Open, ISEA Play Day, the Harry Jerome Track and Field Indoor Classic, the Canadian Junior National Short Track Speed Skating Championships, Karate National Championships, the Vancouver International Table Tennis tournament, and the Province Grand Forza Pentathlon.

Governance

Meetings of the Corporation's Board of Directors, the Audit & Finance Committee, and the Business & Budget Planning Committee all took place during Q1.

Comments on the Financial Results for Q1

The unaudited financial statements and budget have been 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 Q1 portion of the 2011 Annual Distributable Amount from the 2010 Games Operating Trust ("GOT") of \$696,000 was recorded as a receivable and recognized as revenue (2012 fiscal funding of \$2,785,000 was received in July).
- 3) Effective July 1, 2011, the Sport Hosting department from the City of Richmond was transferred over to the Corporation along with separate funding that is attached to that function. The funding is recognized as deferred revenue until it is spent at which time the revenue and expense are both recognized. In Q1, \$118,000 of expenses pertaining to Sport Hosting were incurred. The identical amount of revenue was recognized.
- 4) In the fourth quarter of 2011, the CEO of the Corporation implemented a spending freeze on discretionary items whereby purchases of discretionary items were to go to the Discretionary Spending Committee for approval prior to the purchase being made. This added level of oversight has continued in 2012 and contributes to the overall favorable variance in the first quarter of 2012.

Analysis of Significant Variances of actual results compared to Budget for Q1 of Fiscal Year 2012:

Q1 result was budgeted at a net income of \$297,000 and the actual results show a net income of \$870,000 a favorable variance of \$573,000. This was the Corporation's most profitable quarter since opening.

Revenues

Memberships, admissions and programs revenue of \$1,411,000 had a positive variance of \$198,000 (16%) when compared to budget.

Sport Hosting revenue of \$118,000 was recognized to offset the expenditures during Q1.

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 first quarter of 2012 were \$484,000 which is \$58,000 (14%) over budget primarily due to events being \$74,000 over budget as a result of the 'Hockey Day in Canada' event not being included in the budget of which our expenditures were \$85,000. Most of this expense was offset by sponsorship revenue which is included in Memberships, admissions, and programs.

Sports Services costs for Q1 were \$354,000 which was \$75,000 (18%) under budget primarily due to cost control and salaries being under budget.

Facility Operations costs for Q1 were \$764,000 which was \$148,000 (16%) under budget primarily due to utilities being under budget by \$75,000 and repairs, maintenance and supplies being \$48,000 under budget.

Sport Hosting expenses for Q1 were \$118,000 which included salaries and other expenditures pertaining to Sport Hosting related activities.

Marketing expenses for Q1 were \$103,000 and were \$26,000 (33%) over budget primarily due to a large advertising initiative funded in Q1 (bus shelter ads).

Administration and Finance expenses for Q1 were \$537,000 being \$138,000 (20%) under budget.

Summary

The three month period ending March 31, 2012 was the Corporation's most profitable quarter since opening. The Corporation budgeted a net income of \$297,000 and the actual results showed a net income of \$870,000; a favorable variance of \$573,000.



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 - Non PSAB
 For the quarter ended March 31, 2012
 Unaudited, prepared by management

	QTR 1 2012		QTR 1 2011		% Variance Fav/(Unfav)	% Variance Fav/(Unfav)	2012 BUDGET
	BUDGET	ACTUALS	BUDGET	ACTUALS			
REVENUES							
2010 Games Operating Trust Fund	625,000	696,159	625,000	684,850	71,159	59,850	2,500,000
Contribution from City of Richmond	768,471	768,471	755,625	755,625	-	-	3,073,883
Memberships, admissions and programs (Note 1)	1,213,875	1,411,426	988,390	1,039,065	197,552	50,675	4,828,246
Sport Hosting (Note 2)	139,500	118,015	-	-	(21,485)	-	500,000
Interest and other	209,733	236,057	199,546	189,869	26,324	(9,676)	838,930
	2,956,578	3,230,128	2,568,561	2,669,409	273,551	100,848	11,741,059
EXPENSES							
Member care services	198,471	215,136	232,903	190,107	(16,665)	42,795	834,553
Event services (Note 1)	39,986	113,757	38,063	52,790	(73,771)	(14,727)	159,942
Sport services	429,316	354,125	324,135	219,045	75,191	105,091	1,759,453
Business services	187,382	154,671	151,425	141,611	32,711	9,814	726,475
Facility Operations	911,850	763,669	960,192	760,399	148,181	199,794	3,724,158
Marketing	77,241	103,056	153,741	101,920	(25,815)	51,820	480,525
Sport Hosting (Note 2)	139,500	118,015	-	-	21,485	-	500,000
Admin/Finance	675,684	537,261	683,651	620,718	138,423	62,933	2,711,293
	2,659,430	2,359,690	2,544,110	2,086,589	299,739	457,521	10,896,400
NET INCOME	297,148	870,438	24,451	582,820	573,290	558,369	844,659

Note 1 - Included in Event Services is \$85,000 of expenditures pertaining to the Hockey Day in Canada (HDIC) event. Most of these expenditures were offset by sponsorship revenue which is included in memberships, admissions and programs revenue.

Note 2 - 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.

Numbers may be off due to rounding.

Also see attached comments on the results for the First Quarter of Fiscal Year 2012.