



City of Richmond

Report to Committee

To: Finance Committee

Date: May 19, 2022

From: George Duncan
Chief Administrative Officer

File: 03-1200-09/2022-Vol
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Re: **Richmond Olympic Oval Corporation – 1st Quarter 2022 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the first quarter ending March 31, 2022 from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

George Duncan
Chief Administrative Officer

(604-276-4338)

DATE: May 18, 2022

TO: George Duncan
Chief Administrative Officer, City of Richmond

FROM: Rick Dusanj, CPA, CA
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2022 Financial information**

Origin

This staff report addresses the first quarter financial results for the 3 months ended March 31, 2022 (“Q1”) which was endorsed by the Corporation’s Board of Directors.

During Q1 the Corporation continued its gradual restoration of services approach to the COVID-19 pandemic. With safety and community health as our guiding principles, the Corporation remained agile and continued to make operational adjustments to adhere to evolving provincial health orders and province wide restrictions. Below are some of the highlights of the activities undertaken by the Corporation during Q1.

Q1 Highlights

Community Use

In Q1 2022, changes to the Public Health Order restrictions on fitness activities and event hosting occurred, which allowed these activities to resume and take place within the facility in a limited capacity.

The Oval’s youth sport programs continued to prove popular in the community. In Q1 2022, the Oval Learn to Skate programs registered 553 participants. Oval Camps saw high demand over the Spring Break period with 446 registrations over two weeks in climbing, skating, and multi-sport camps.

Numerous community groups utilized the Oval to operate their programs and services for ages ranging from tots to seniors. These programs and services include the following sports: aikido, basketball, figure skating, gymnastics, hockey, karate, volleyball, climbing, speed skating, wheelchair basketball and soccer.

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.

Sport Development and Events

In Q1, events that took place in compliance with health orders included: Lead and Speed Climbing Nationals, Wheelchair Rugby Provincial Team Camp, Speed Skating Canada Junior Cup Final, Rhythmic Gymnastics BC Elite Event, and BC Short Track Speed Skating Championships. Some of the future new events secured in Q1 by Events and Sport Hosting included: Cars and Hoops Charity Festival, 2022 Canadian Championships in Men's and Women's Artistic Gymnastics, 2022 Climbing Provincial Championships, and the 2022 North American Climbing Series.

National and Provincial Team training that occurred in Q1 included: BC Wheelchair Sports Association, Field Hockey Canada Next Generation and Targeted Athlete Program, BC Swimming, Para-Curling Team Canada, BC Wheelchair Rugby Training Camp, Team China Hockey, Team BC Volleyball, and Team Ontario Volleyball.

Governance

Meetings of the Corporation's Business Planning Committee and the Board of Directors took place during Q1.

Financial

Although the Oval's operations are trending in a positive direction, the Corporation's gross revenues from memberships, admissions, programs and services for 2021 were approximately \$3.8M less than they were compared to 2019 during pre-pandemic times. For Q1, the Corporation continued to exceed cautious budget targets that were established during the pandemic. The results for the 3 months ended March 31, 2022 show income of \$42,000 after amortization compared to a budgeted loss of \$294,000, indicating a favorable variance of \$336,000 (please see page 4 for the Corporation's balance sheet as of March 31, 2022 and page 5 for the statement of operations). In Q1, \$229,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2022 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,729,000 in Q1 and other revenue of \$293,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue. Overall, revenue was \$335,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q1 2022 were \$1,424,000, facility operations costs were \$1,104,000, marketing expenses were \$137,000, and administration and finance expenses were \$743,000. Overall, expenditures were \$2,000 favorable to budget.



Rick Dusanj, CPA, CA

Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at Mar 31, 2022

Unaudited, prepared by management

		Mar 31, 2022
ASSETS		
Financial Assets		
Cash	\$	990,955
Investments		15,608,144
Inventory		163,534
Accounts receivable		493,722
		18,187,606
Financial Liabilities		
Accounts payable and accrued liabilities		1,546,739
Deferred revenue		10,342,618
Rental deposits		7,373
		11,896,730
Net financial assets		6,290,876
Non-Financial Assets		
Tangible capital assets		11,908,464
Prepaid expenses and other deposits		610,575
		12,519,039
Accumulated Surplus (Note 1)	\$	18,809,915

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

Investment in capital assets	8,299,921
Reserves/Provisions	9,648,673
Common Shares	1
Surplus	861,320
18,809,915	

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 minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$2.00M 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 March 31, 2022

Unaudited, prepared by management

	QTR 1 2022				QTR 1 2021				2022 BUDGET
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	
REVENUES									
2010 Games Operating Trust Fund	931,250	931,250	-	0%	931,250	931,250	-	0%	3,725,000
Contribution from City of Richmond	938,573	938,573	-	0%	917,471	917,471	-	0%	3,754,292
Memberships, admissions and programs	1,400,727	1,729,043	328,316	23%	972,452	1,125,546	153,094	16%	5,854,079
Other	287,179	293,404	6,225	2%	287,643	297,226	9,583	3%	1,174,859
	3,557,729	3,892,270	334,541	9%	3,108,816	3,271,493	162,677	5%	14,508,230
EXPENSES									
Memberships, admissions and program services	1,337,283	1,423,514	(86,231)	-6%	1,126,750	1,103,757	22,993	2%	5,544,075
Facility Operations	1,110,732	1,103,899	6,833	1%	958,451	952,951	5,500	1%	4,608,583
Marketing	141,167	137,106	4,061	3%	107,008	95,499	11,509	11%	545,155
Admin/Finance	776,707	742,888	33,819	4%	714,161	633,986	80,175	11%	3,391,864
Amortization	485,910	442,572	43,338	9%	442,016	431,252	10,764	2%	2,200,000
	3,851,799	3,849,979	1,820	0%	3,348,386	3,217,445	130,941	4%	16,289,677
Net Income/(Loss) (Note 1)	(294,070)	42,291	336,361	114%	(239,570)	54,048	293,618	123%	(1,781,447)

Note 1 - In Q1, \$0.23M was transferred into reserves/equity mainly for future minor capital programs. The total transfers vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement. The Oval Corporation's minor capital program, which is primarily funded from the Capital Reserves, has averaged \$2.00M annually over the past 5 years.

Numbers may be off due to rounding.