



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** December 1, 2016

**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:** **Richmond Olympic Oval Corporation - 3<sup>rd</sup> Quarter 2016 Financial Information**

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### Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2016 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

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**DATE:** December 1, 2016

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
Chief Operating Officer, Richmond Olympic Oval Corporation

**FROM:** Rick Dusanj, CPA, CA  
Controller, Richmond Olympic Oval Corporation

**Re: Richmond Olympic Oval Corporation – 3<sup>rd</sup> Quarter 2016 Financial information**

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**Origin**

This staff report summarizes the third quarter financial results for the 3 months ended September 30, 2016 (“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.

Community Use

Several groups used the Oval facility in Q3, including, but not limited to: Richmond Minor Hockey Association, Richmond Ringette, Connaught Figure Skating, Richmond Ravens, Seafair Islanders, Richmond Rockets, DRIVE Basketball, Aura Rhythmic Gymnastics, NCHL, GVC, Steveston Selects, Doug Low Hockey, Dynamo Fencing, Brazilian Soccer School, the John M Lecky Boathouse, Panther Cheer, Vancouver Pacific Wave, Minoru Seniors Society, Minoru Aquatics Centre, Aura Rhythmic Gymnastics, Klemen Mali -Outdoor Rock Climbing, and Yoga it Up!

Membership numbers have plateaued. Construction around the Oval may be discouraging some members, but it does bring the positive prospect of new residents within walking distance of the Oval. At the end of Q3 2016, 81% of Oval members were Richmond residents.

### Sport Development and Events

Some of the highlights from Sport Hosting and Events held at the Oval during Q3 included the North East Chinese Association of Canada's Summer Vancouver, Dharma Talks, WFTDA Roller Derby International, World Youth Field Painting, BCRA Summer Show, NTCC Volleyball Competition, Noah Yalazaroff Memorial Hockey Tournament, and the West Coast Classic Basketball tournament.

Some of the events secured by Events/Sport Hosting in Q3 included: Petro-Canada FACE Summit, Own the Podium's 2017 SPIN Summit, 2018 Rhythmic Gymnastics National Championship, Canadian Wheelchair Basketball League tournament, 2017 Men's Roller Derby Association Division 1 Playoffs, Wayland Cup 2018, Apex Jiu Jitsu Tournament, Fencing World Cup, Fencing Canada Cup, and the IKGA Karate Championship.

Q3 was a busy quarter for High Performance events at the Oval and included: Volleyball BC- U14 Baden Cup (July 2-5), BC Hockey Strength Camp (July 7), Elite Hockey Player Camp (July 11-15), Volleyball Canada National Team Challenge Cup (July 14-17), BC Rugby Testing (July 24), and the Sister City Table Tennis Tournament (July 29-31). Additionally, Elite Goalies held 6 camps at the Oval this year with a total of 109 goalies.

Additional Oval athlete achievements included:

- National Sitting Volleyball Team Athletes, Tessa Popoff and Felicia Voss qualified for the Rio Olympics.
- Table Tennis Canada athletes Mo Zhang and Stephanie Chan participated in the Olympic games in Rio.
- Stefanie Dickinson was selected for the Synchro Canada 2016 Junior National Team.
- Swimming Canada athlete Jonathan Dieleman qualified for Rio and broke the Canadian record in the S3 classification 50-M breaststroke.
- Field Hockey Canada Men's National Team announced 16 athletes going to Rio, all of whom train at the Oval. The team finished the 2016 Games by bumping their world ranking from 15th to 12th.
- The Canadian Wheelchair Rugby Team finished 4th at the 2016 Games.

### Governance

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

### Financial

The Q3 results were budgeted at an income before amortization and transfers to reserves/provisions of \$348,000 and the actual results show income of \$408,000, indicating a favorable variance of \$60,000. Year to date there is a favorable variance of \$153,000 with respect to income before amortization and transfers (please see page 4 for the Corporation's balance sheet as of September 30,

2016, and page 5 for the statement of operations). In Q3, \$296,000 was allocated to the reserves/provisions.

### **Comments on the Financial Results for Q3**

#### Revenues

The Q3 portion of the 2016 Games Operating Trust Fund ("GOT") distribution of \$700,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,945,000 in Q3 and other revenue of \$515,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue.

#### Expenses

Expenses before amortization for Q3 were \$3,579,000 and were within 4% of budget. Expenses included memberships, admissions and program services costs of \$1,511,000, facility operations expenses of \$1,066,000, marketing expenses of \$409,000 and administration and finance expenses of \$594,000. Overall, YTD, there is a favorable variance of \$329,000 with respect to expenses.



Rick Dusanj, CPA, CA  
Controller, Richmond Olympic Oval Corporation

cc: Shana Turner  
Director, Finance and Corporate Services, Richmond Olympic Oval Corporation

## **RICHMOND OLYMPIC OVAL CORPORATION**

### **Balance sheet**

**As at September 30, 2016**

**Unaudited, prepared by management**

		<b>Sept 30, 2016</b>
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$	603,476
Investments		10,166,149
Inventory		136,848
Accounts receivable		478,910
		<u>11,385,384</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities		1,472,065
Deferred revenue		7,432,264
Rental deposits		9,263
		<u>8,913,592</u>
Net financial assets		2,471,792
<b>Non-Financial Assets</b>		
Tangible capital assets		11,690,015
Deferred lease costs		108,475
Prepaid expenses and other deposits		626,396
		<u>12,424,886</u>
Accumulated Surplus (Note 1)	\$	14,896,678
<b>Note 1 - Breakdown of accumulated surplus account is as follows:</b>		
Investment in capital assets		8,956,779
Reserves/Provisions		4,534,734
Common Shares		1
Surplus		1,405,164
		<u>14,896,678</u>

**RICHMOND OLYMPIC OVAL CORPORATION**

**Statement of Operations**

**For the quarter ended September 30, 2016**

**Unaudited, prepared by management**

	QTR 3 2016		\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	QTR 3 2015 ACTUAL	YTD ended Sept 30, 2016		\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	YTD ended Sept 30, 2015 ACTUAL	2016 BUDGET
	BUDGET	ACTUAL				BUDGET	ACTUAL				
<b>REVENUES</b>											
2010 Games Operating Trust Fund	700,000	700,000	-	0%	657,014	2,100,000	2,100,000	-	0%	1,807,015	2,800,000
Contribution from City of Richmond	827,732	827,732	-	0%	809,925	2,483,196	2,483,196	-	0%	2,429,775	3,310,927
Memberships, admissions and programs	2,071,427	1,944,780	(126,647)	-6%	1,904,322	5,991,529	5,858,295	(133,234)	-2%	5,711,497	8,432,194
Other	473,491	514,662	41,171	9%	431,859	1,532,973	1,490,493	(42,480)	-3%	1,474,659	1,638,960
	4,072,650	3,987,174	(85,475)	-2%	3,803,121	12,107,698	11,931,984	(175,714)	-1%	11,422,945	16,182,081
<b>EXPENSES</b>											
Memberships, admissions, and program services	1,495,056	1,510,978	(15,922)	-1%	1,337,715	4,182,780	4,174,147	8,633	0%	3,624,398	5,509,331
Facility Operations	1,064,176	1,065,518	(1,342)	0%	985,445	3,192,528	3,073,439	119,089	4%	2,953,965	4,256,704
Marketing (Note 3)	328,779	408,572	(79,793)	-24%	181,057	715,494	874,796	(159,302)	-22%	439,672	989,947
Contribution to capital	-	-	-	-	277,971	-	-	-	-	360,048	-
Admin/Finance	836,597	594,139	242,457	29%	671,053	2,463,398	2,102,704	360,693	15%	2,035,047	3,283,509
	3,724,608	3,579,207	145,400	4%	3,453,240	10,554,200	10,225,087	329,113	3%	9,413,129	14,039,491
<b>Income before amortization and transfers</b>	348,042	407,967	59,925	17%	349,881	1,553,498	1,706,898	153,399	10%	2,009,816	2,142,590
Amortization (Note 2)	212,539	352,487	(139,948)	-66%	128,265	637,610	1,023,869	(386,259)	-61%	353,815	850,144
<b>Income after amortization and before transfers</b>	135,503	55,480	(80,024)	-59%	221,616	915,888	683,028	(232,860)	-25%	1,656,001	1,292,446
Transfers to reserves/provisions (Note 1)	300,000	296,231	(3,769)	-1%	1,068,788	900,000	1,056,641	156,641	17%	1,606,365	1,200,000
<b>Net after amortization and transfers</b>	(164,497)	(240,751)	(76,254)		(847,172)	15,888	(373,612)	(389,501)		49,636	92,446

**Note 1** - In Q3, \$296,000 was transferred into reserves/provisions. The total transfers to capital reserves vary from quarter to quarter and will be finalized by the Capital Works Committee in accordance with the operating agreement and are based on the income before amortization.

**Note 2** - Amortization expenses were under budgeted for 2016 due to a longer useful life for the ROX being used for budgeting purposes. The review of the useful life of the ROX components and project was completed after the budget was approved and after the majority of the ROX costs were accounted for. The end result is that the ROX project is being amortized at a faster rate than budgeted. The amortization variance is an accounting estimate and does not represent any overspending. In addition, amortization is a non-cash item and does not impact the overall cash balance.

**Note 3** - With respect to the YTD unfavorable variance for marketing, there are approximately \$76k of expenditures that pertain to 2015 for invoices that were received subsequent to the completion of the 2015 year end audit. As such, these amounts have been booked into 2016. With respect to the overall ROX marketing expenditures for 2016, the majority of the expenses have been incurred as of Sept 30, 2016 as the peak tourist season has concluded. There will be minimal spending on marketing for Q4 and we anticipate that the overall marketing expenditures will be within budget.

Numbers may be off due to rounding.