



City of Richmond

Report to Committee

To: Finance Committee

Date: May 21, 2020

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 - 1st Quarter 2020 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the first quarter ended March 31, 2020 from the Interim Senior Manager, Finance & Administration, 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: May 21, 2020

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

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

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2020 Financial information**

Origin

This staff report deals with the first quarter financial results for the 3 months ended March 31, 2020 (“Q1”) which was endorsed by the Corporation’s Board of Directors.

Highlights

The following are some of the highlights of the activities undertaken by the Corporation during Q1. 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 this time, Oval management have been striving to keep our membership, clients, user groups and athletes engaged and healthy with the Corporation’s goal being to be in the best position possible to service the community and return to full operations as soon as the Oval is able to open our doors to the public. In addition, Staff have and continue to effectively utilize the closure period to undergo projects and work that are more difficult to complete when the Oval is open. We continue to re-evaluate and reassess as new information arises to ensure we are doing everything possible to support the health and safety of Staff and the public.

Community Use

The Oval celebrated the 10-year anniversary of the 2010 Vancouver Winter Olympic Games on February 21st, 22nd and 23rd with a multi-activity event for the community. On February 21st, the Oval hosted International Olympic Day, where over 1,500 students from Richmond schools attended the event that featured 15 provincial and local sport organizations who facilitated the opportunity to try out a variety of Olympic and Paralympic sports. In the evening, the 10 Year Anniversary Celebrations began and spanned three consecutive days. The event was free for the public to attend, with over 4,000 people attending over three days. Festivities included para ice hockey Canada vs. USA matches, speed skating demonstrations,

public skates, admission to the Olympic Experience, autographs with Olympians, photos with the 2010 podium and replica medals, and more.

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. As in previous quarters, community group use continued to constitute the majority of Oval usage in Q1. All prime time space (ice, court & track zones) at the Oval is fully allocated. In Q1, Richmond-based organizations or programs/organizations with significant Richmond representation used 95% of prime time space. At the end of Q1, 76% of Oval members were Richmond residents. The remaining 24% is a key indicator that the Oval has regional appeal, and while satisfying community demand, it can also attract a client base outside of Richmond that positively contributes to the Oval’s brand awareness and financial performance.

Community groups from Richmond or strong Richmond based participation who utilized the Oval in Q1 2020 include but are not limited to Richmond minor hockey, Vancouver Ki society (Aikido), Shoseikan karate, Richmond Ravens, Richmond Ringette, Richmond lacrosse, Kajaks, Richmond Rockets, Richmond FC, Richmond City baseball association, Connaught figure skating, Brazilian soccer school, Volleyball BC, DRIVE basketball, Metro basketball league, Leslie Global sports, Greater Vancouver Canadians, the John MS Lecky Boathouse, Urban Rec, Aura Rhythmic gymnastics, and the non-contact hockey league.

Sport Development and Events

Highlights from Sport Hosting and Events held at the Oval during Q1 included, but are not limited to: BCSRA winter trade show, Pinnacle Cheer Snowflake, Harry Jerome track meet, 2010 celebration, Canada USA para hockey series, PUSH for Impact, Fencing world cup, Sword Play Symposium, Western Elite speed skating, wheelchair rugby Team Canada training, wheelchair rugby Paralympic Qualifiers, wheelchair rugby Vancouver Invitational, Karate BC training and the rhythmic gymnastics Zone 4 championships.

Additionally, some of the future events secured in Q1 by Events and Sport Hosting include: City Shred 2 (fitness challenge) and the 2020 Ringette Challenge cup.

Events and training camps that occurred during Q1 for High Performance included: Western Elite Circuit speed skating competition, Rowing BC training camp, BC Wheelchair Sport Association clinic, V-ROOOM speed skating challenge and BC Table Tennis Association’s Richmond open.

Notable Oval athlete successes during Q1 include:

- Mo Zhang qualified for table tennis Singles at Tokyo 2020 Olympic Games
- The Canadian National Wheelchair rugby team qualified for the Tokyo 2020 Paralympic Games
- Wesley Chiu earned silver medal in the Juniors Men’s division at national championships
- GVC major bantam hockey team finished 2nd in their AAA Season
- Tara Wallack won the BC 4A girls basketball provincial championship (Semiahmoo Secondary) and was named tournament MVP
- Charlotte Sernoski placed 2nd and Wilfred Chan placed 3rd at BC long track speed skating championships in Fort St John

- Roanan Tien-Vidal, Daniel Liu, Zakary Sharp filled all 3 male “Zone 5” spots at the BC Winter Games competing in short track speed skating. Ronan placed 2nd in 1500m, Zach placed 3rd in both 1500m and 2000m
- Max Haronga was named Pacwest BC volleyball player of the year, first team all-star and championship all-star

Governance

The Corporation’s Business Planning Committee meeting took place during Q1.

Financial

Prior to the impact and subsequent closure of the Oval caused by the COVID-19 pandemic, the Corporation was on track to surpass budget projections for Q1. The results for the 3 months ended March 31, 2020 were budgeted at an income before transfers to reserves/equity of \$270,000 and the actual results show income of \$208,000 indicating an unfavorable variance of \$62,000 (please see page 4 for the Corporation’s balance sheet as of March 31, 2020 and page 5 for the statement of operations). In Q1, \$241,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2020 Games Operating Trust Fund (“GOT”) distribution of \$739,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,970,000 in Q1 and other revenue of \$532,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue. Overall, revenue was \$343,000 unfavorable to budget.

Expenses

Memberships, admissions and program services costs for Q1 2020 were \$1,487,000, facility operations costs were \$1,110,000, marketing expenses were \$166,000, and administration and finance expenses were \$770,000. Overall, expenditures were \$281,000 favorable to budget.



Rick Dusanj, CPA, CA

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

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at March 31, 2020

Unaudited, prepared by management

		Mar 31, 2020
ASSETS		
Financial Assets		
Cash	\$	6,916,969
Investments		9,809,780
Inventory		163,090
GOT receivable		739,045
Accounts receivable		604,722
		18,233,607
Financial Liabilities		
Accounts payable and accrued liabilities		1,921,789
Deferred revenue		8,310,914
Rental deposits		7,373
		10,240,076
Net financial assets		7,993,531
		18,550,989
Non-Financial Assets		
Tangible capital assets		11,237,837
Deferred lease costs		11,009
Prepaid expenses and other deposits		449,415
		11,698,261
Accumulated Surplus (Note 1)	\$	19,691,792

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

Investment in capital assets	8,814,986
Reserves/Provisions	9,906,374
Common Shares	1
Surplus	970,431
19,691,792	

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 March 31, 2020

Unaudited, prepared by management

	QTR 1 2020			QTR 1 2019					
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL		\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)
REVENUES									
2010 Games Operating Trust Fund	725,000	739,045	14,045	2%	725,000	725,000	-	0%	2,900,000
Contribution from City of Richmond	899,481	899,481	-	0%	881,844	881,844	-	0%	3,597,926
Memberships, admissions and programs	2,358,386	1,970,127	(388,259)	-16%	2,182,033	2,214,865	32,832	2%	9,367,603
Other	500,783	531,794	31,011	6%	509,836	499,520	(10,316)	-2%	1,957,277
	4,483,650	4,140,447	(343,203)	-8%	4,298,713	4,321,228	22,516	1%	17,822,806
EXPENSES									
Memberships, admissions and program services	1,534,615	1,487,278	47,337	3%	1,511,616	1,459,188	52,428	3%	6,405,633
Facility Operations	1,180,382	1,109,963	70,419	6%	1,145,440	1,074,044	71,396	6%	4,721,527
Marketing	175,794	165,887	9,907	6%	164,994	123,822	41,172	25%	686,470
Admin/Finance	823,093	769,703	53,390	6%	817,400	675,484	141,916	17%	3,306,216
Amortization	500,000	399,883	100,117	20%	475,000	431,434	43,566	9%	2,000,000
	4,213,884	3,932,713	281,171	7%	4,114,450	3,763,971	350,479	9%	17,119,846
Net Income (Note 1)	269,766	207,734	(62,032)	-23%	184,263	557,257	372,994	202%	702,960

Note 1 - In Q1, \$0.24M was transferred into reserves/equity mainly for future 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 capital program, which is primarily funded from the Capital Reserves, has averaged \$2.80M annually over the past 5 years.

Numbers may be off due to rounding.