



City of Richmond

Report to Committee

To: Finance Committee

Date: December 12, 2019

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 – 3rd Quarter 2019 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the third quarter ended September 30, 2019 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: December 12, 2019

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

Andrew Nazareth
Chief Financial Officer, Richmond Olympic Oval Corporation

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

Re: **Richmond Olympic Oval Corporation – 3rd Quarter 2019 Financial information**

Origin

This staff report addresses the third quarter financial results for the 3 months ended September 30, 2019 (“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

The Oval’s Learn to Skate program saw record registrations this summer, along with Oval Summer Camps which had over 2,700 registrants. Community groups from Richmond or those with strong Richmond based participation that utilized the Oval in Q3 2019 included: Richmond Minor Hockey, Shoseikan Karate, Richmond Ravens, Richmond Rockets Speedskating, Connaught Figure Skating, Brazilian Soccer School, DRIVE Basketball, Greater Vancouver Canadians, Urban Rec, Aura Rhythmic Gymnastics, and the Non-Contact Hockey League.

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 Q3. All prime time space (ice, court & track zones) at the Oval is fully allocated. In Q3, Richmond-based organizations or programs/organizations with significant Richmond representation used approximately 95% of prime time space. At the end of Q3, 77% of Oval members were Richmond residents. The remaining 23% 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.

Sport Development and Events

Highlights from Sport Hosting and Events held at the Oval during Q3 included: Danny Green Basketball Camp, Richmond Community Day, BC Sport Rep Association Summer Buymart (trade show), Taiwanese Canadian Cultural Festival, Volleyball Canada women's national team red and white match, Richmond Mad Motto (triathlon BC event), a Verizon commercial shoot, world cup field painting competition, Copa Katana Jiu Jitsu tournament, Hockey Community 3x3 hockey tournament, the John Dumont Memorial 3x3 basketball tournament, Hooplaw basketball tournament, Forever Young 8K run, Rehab Equipment Expo, and the Fencing Canada Cup.

Additionally, some of the future events secured in Q3 by Events and Sport Hosting include: Mid Autumn festival, City Shred (fitness / workout challenge), Prosperous Badminton Tournament, Canadian Tire Jump Start Day (kids activity day), Canadian Women's Para Hockey Series (vs. USA), Indo Pacific Trampoline and Tumbling Championships, BCSSA BC Cup (speed skating competition), 2020 Battle of the Badges, 2020 Short Track Canada Cup Junior Final (speed skating competition), and the 2020 Western Elite Circuit (speed skating event).

Events and training camps that occurred during Q3 for High Performance included: Bobsleigh-Skeleton Canada recruitment camp and the Vancouver Football Club training camp.

Notable Oval athlete successes during Q3 include:

- Pan American Games Results:
 - Field Hockey Canada Men's National Team won a Silver medal
 - Softball Canada Women's National Team won a Silver medal
 - Mo Zhang won a Bronze medal in table tennis doubles and Gold in mixed doubles
 - Maggie Coles-Lyster won a Bronze medal in Track Cycling
 - Race Walker Evan Dunfee placed 5th
 - Edison Huang competing in the International Table Tennis Federation El Salvador Jr and Cadet Open won a Gold medal in the team event and Bronze in the junior doubles event
- Softball Canada National Women's Team won the Olympic qualifier in Surrey, BC, qualifying the team for the Tokyo 2020 Olympic Games.
- 6 Female Volleyball Regional Excellence Program (REP) athletes will be competing at the Canada Cup for Team BC in Halifax. Athletes include Lucy Borowski, Jaeya Brach, Elizabeth Lee, Chloe Ng, Rio Pesochin, and Tamara Jurosevic.

Governance

The Corporation's Audit & Finance Committee meeting took place during Q3.

Financial

The first 9 months of 2019 have been successful for the Corporation. The YTD results for the 9 months ended September 30, 2019 were budgeted at an income before transfers to reserves/equity of \$387,000 and the actual results show income of \$1,486,000 indicating a favorable variance of \$1,099,000 (please see page 4 for the Corporation's balance sheet as of September 30, 2019 and page 5 for the statement of operations). Year to date, \$2,374,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q3

Revenues

The Q3 portion of the estimated 2019 Games Operating Trust Fund ("GOT") distribution of \$716,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,552,000 in Q3 and other revenue of \$587,000 primarily pertained to sponsorship, space leasing, parking, interest and grant funding revenue. Overall, revenue was \$308,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q3 2019 were \$1,665,000, facility operations costs were \$1,152,000, marketing expenses were \$201,000, and administration and finance expenses were \$794,000. Overall, expenditures were \$83,000 favorable to budget.



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

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at September 30, 2019

Unaudited, prepared by management

Sept 30, 2019

ASSETS

Financial Assets

Cash	\$	1,007,465
Investments		14,843,586
Inventory		162,831
GOT receivable		-
Accounts receivable		883,104
		<u>16,896,986</u>

Financial Liabilities

Accounts payable and accrued liabilities		1,666,100
Deferred revenue		7,335,334
Rental deposits		9,263
		<u>9,010,697</u>

Net financial assets 7,886,289

Non-Financial Assets

Tangible capital assets		10,955,866
Deferred lease costs		32,420
Prepaid expenses and other deposits		140,341
		<u>11,128,627</u>

Accumulated Surplus (Note 1) \$ 19,014,916

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

Investment in capital assets	8,726,696
Reserves/Provisions	9,349,870
Common Shares	1
Surplus	938,350
	<u>19,014,916</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, 2019

Unaudited, prepared by management

	QTR 3 2019			YTD ended September 30, 2019			2019 BUDGET		
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET
REVENUES									
2010 Games Operating Trust Fund	725,000	716,359	(8,641)	-1%	2,175,000	2,166,360	(8,641)	0%	2,900,000
Contribution from City of Richmond	881,845	881,845	-	0%	2,645,534	2,645,533	-	0%	3,527,378
Memberships, admissions and programs	2,312,390	2,551,572	239,182	10%	6,552,694	6,882,736	330,042	5%	8,667,697
Other	509,836	586,980	77,144	15%	1,529,508	1,751,217	221,709	14%	2,039,345
	4,429,071	4,736,758	307,686	7%	12,902,736	13,445,846	543,110	4%	17,134,420
EXPENSES									
Memberships, admissions and program services	1,664,776	1,664,978	(202)	0%	4,655,314	4,700,721	(45,407)	-1%	6,124,619
Facility Operations	1,143,136	1,152,240	(9,104)	-1%	3,431,716	3,328,057	103,659	3%	4,574,850
Marketing	183,971	200,629	(16,658)	-9%	537,541	481,651	55,891	10%	708,575
Admin/Finance	824,026	793,797	30,229	4%	2,465,853	2,215,871	249,982	10%	3,287,067
Amortization	475,000	396,469	78,531	17%	1,425,000	1,233,401	191,599	13%	1,900,000
	4,290,909	4,208,113	82,796	2%	12,515,424	11,959,701	555,723	4%	16,595,111
Net Income (Note 1)	138,162	528,645	390,483	283%	387,312	1,486,145	1,098,833	284%	539,309

Note 1 - In Q3, \$0.94M 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.