



City of Richmond

Report to Committee

To: Finance Committee

Date: August 18, 2022

From: Jerry Chong
GM, Finance & Corporate Services

File: 03-1200-09/2022-Vol
01

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2022 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ending June 30, 2022 from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

Jerry Chong
GM, Finance & Corporate Services
(604-276-4064)

REPORT CONCURRENCE
APPROVED BY CAO 

DATE: August 18, 2022

TO: Serena Lusk
Chief Administrative Officer, City of Richmond

Jerry Chong
General Manager, Finance & Corporate Services, City of Richmond

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

Re: **Richmond Olympic Oval Corporation – 2nd Quarter 2022 Financial information**

Origin

This staff report addresses the second quarter financial results for the 3 months ended June 30, 2022 (“Q2”) which was endorsed by the Corporation’s Board of Directors.

During Q2 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 has remained agile. Below are some of the highlights of the activities undertaken during Q2.

Q2 Highlights

Community Use

The Oval continued to offer a variety of developmental programs, with ice programs proving to be particularly popular in Q2. Spring Learn to Skate registrations totaled 542, which was the highest for any single season of the Learn to Skate program. In Q2 2022, sport programs such as Learn to Skate, hockey and private lessons increased by 38% over Q2 2021.

Community groups representing 9 sports continued to utilize the Oval’s courts, ice rinks, and training areas to operate their programs and services. These programs and services included the following sports: aikido, basketball, football, figure skating, gymnastics, hockey, karate, soccer, and speed skating.

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

Sport events that took place in this quarter included: Sport Climbing BC Provincials, Wheelchair Rugby Canada Cup, Wheelchair Basketball BC Hoopfest, Volleyball Canada Women's National Team Tryouts, Volleyball Canada U14 Nationals, Volleyball BC U17/18 Provincials, Canadian Championships Men's and Women's Artistic Gymnastics, Delta Gymnastics Cash and Carry Cup, and Karate BC Provincials. Some of the future new events secured in Q2 by Events and Sport Hosting included: Hoop-Law 2022 Charity Basketball Tournament, 2022 Speed Skating BC Provincial Championships, 2023 Climbing Escalade Canada High Performance Competition, 2023 U17/18 Volleyball BC Provincials and the 2023 Karate BC Provincials.

National and Provincial Team training that occurred in Q2 included: Skateboard Canada training camp, BC Provincial Wheelchair Rugby training, Wheelchair Rugby Canada training camp, Ringette BC Assessment camps, Wheelchair Basketball Canada carding camp, Field Hockey Canada Next Gen Athlete Program, BC Hockey Female U16/U18 Regional camps, and Volleyball Canada Women's National Senior A and Next Gen Teams training.

Governance

Meetings of the Corporation's Audit & Finance Committee, Business Planning Committee and the Board of Directors took place during Q2.

Financial

Although the Oval's programming revenues are trending in a positive direction as we continue to progress towards pre-pandemic levels, an expected outcome of operating in this new environment are the additional expenses required to provide services to the public. Overall for Q2, the Corporation continued to exceed cautious budget targets. The results for the 3 months ended June 30, 2022 show income of \$30,000 after amortization compared to a budgeted loss of \$504,000, indicating a favorable variance of \$534,000 (please see page 4 for the Corporation's balance sheet as of June 30, 2022 and page 5 for the statement of operations). In Q2, \$471,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q2

Revenues

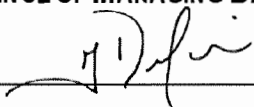
The Q2 portion of the estimated 2022 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,819,000 in Q2 and other revenue of \$409,000 primarily pertained to space leasing, parking, and interest revenue. Overall, revenue was \$638,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q2 2022 were \$1,576,000, facility operations costs were \$1,174,000, marketing expenses were \$143,000, and administration and finance expenses were \$734,000. Overall, expenditures were \$104,000 unfavorable to budget which is more than offset by the favorable variance in corresponding revenues.



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

REPORT CONCURRENCE
CONCURRENCE OF MANAGING DIRECTOR or CEO 

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at June 30, 2022

Unaudited, prepared by management

		Jun 30, 2022
ASSETS		
Financial Assets		
Cash	\$	1,192,485
Investments		14,704,521
Inventory		169,381
Accounts receivable		496,035
		18,424,922
Financial Liabilities		
Accounts payable and accrued liabilities		1,853,981
Deferred revenue		9,916,509
Rental deposits		7,373
		11,777,863
Net financial assets		6,647,059
Non-Financial Assets		
Tangible capital assets		11,740,206
Prepaid expenses and other deposits		452,605
		12,192,811
Accumulated Surplus (Note 1)	\$	18,839,870

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

Investment in capital assets	8,095,844
Reserves/Provisions	9,883,067
Common Shares	1
Surplus	860,958
18,839,870	

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 June 30, 2022

Unaudited, prepared by management

	QTR 2 2022				YTD ended June 30, 2022				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%	1,862,500	1,862,500	-	0%	3,725,000
Contribution from City of Richmond	938,573	938,573	-	0%	1,877,146	1,877,146	-	0%	3,754,292
Memberships, admissions and programs	1,279,308	1,819,061	539,753	42%	2,680,035	3,548,104	868,069	32%	5,854,079
Other	310,474	408,976	98,502	32%	597,653	702,380	104,727	18%	1,174,859
	3,459,605	4,097,860	638,255	18%	7,017,334	7,990,130	972,796	14%	14,508,230
EXPENSES									
Memberships, admissions and program services	1,325,182	1,576,082	(250,900)	-19%	2,662,465	2,999,596	(337,131)	-13%	5,544,075
Facility Operations	1,125,021	1,173,814	(48,793)	-4%	2,235,753	2,277,713	(41,960)	-2%	4,608,583
Marketing	159,319	142,943	16,376	10%	300,486	280,048	20,438	7%	545,155
Admin/Finance	818,218	734,434	83,784	10%	1,594,925	1,477,322	117,603	7%	3,391,864
Amortization	536,340	440,632	95,708	18%	1,022,250	883,205	139,045	14%	2,200,000
	3,964,080	4,067,905	(103,825)	-3%	7,815,879	7,917,884	(102,005)	-1%	16,289,677
Net Income/(Loss) (Note 1)	(504,475)	29,955	534,430	106%	(798,545)	72,246	870,791	109%	(1,781,447)

Note 1 - In Q2, \$0.47M 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.