



City of Richmond

Report to Committee

To: Finance Committee

Date: May 21, 2021

From: George Duncan
Chief Administrative Officer
& President and CEO
Richmond Olympic Oval

File:

Jerry Chong
Acting Chief Financial Officer
Richmond Olympic Oval

**Re: Richmond Olympic Oval Corporation – 2021 Q1 Interim Financial
Statements**

Staff Recommendation

That the report on the 2021 first quarter interim financial statements ended March 31, 2021 for the Richmond Olympic Oval Corporation from the Director, Finance, Richmond Olympic Oval Corporation be received for information.

George Duncan
Chief Administrative Officer
& President and CEO
Richmond Olympic Oval

Jerry Chong
Acting Chief Financial Officer
Richmond Olympic Oval

DATE: May 21, 2021

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

Jerry Chong
Acting Chief Financial Officer, Richmond Olympic Oval Corporation

FROM: Rick Dusanj, CPA, CA
Director, Finance

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2021 Financial information**

Origin

This staff report addresses the first quarter financial results for the 3 months ended March 31, 2021 (“Q1”) which was endorsed by the Corporation’s Board of Directors.

Highlights

During Q1 the Corporation continued its gradual restoration of services approach to the COVID-19 pandemic. With safety and community health as our guiding principle, the Corporation made 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.

Community Use

Q1 of 2021 marked the continued gradual resumption of services for the Richmond Olympic Oval and community use operational and programming changes aligned with Provincial Health Orders. Following revised fitness regulations, the Oval paused all low and high intensity group fitness classes on March 29th until the expiration of the order on May 24th at midnight. The community continued to be provided with virtual group fitness classes on the Oval's social media channels through the OVALfit at Home program, garnering nearly 14,000 views across 60 live streams.

The Oval had close to 300 camp participants during the two-week spring break period. With a focus on social distancing, the camps took place on the Oval’s spacious activity level as well on the outdoor riverside plaza. In addition, the Oval’s private learn-to-skate lessons, offered in place of group classes, saw significant community uptake with over 2,000 private lessons in Q1.

In Q1, numerous community groups utilized the Oval to provide programs and services to young children through to and including actively aging seniors. These programs and services represented the following sports: basketball, soccer, futsal, baseball, badminton, volleyball, table tennis, figure skating, speed skating, hockey, karate, aikido, rhythmic gymnastics, sport climbing, fencing.

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

Corporation staff collaborated with the Canadian Olympic Committee on the planning and execution of an announcement on March 19th during which Alannah Yip and Sean McColl were officially introduced to the Canadian Olympic Team as the first Olympic Canadian climbing athletes. Yip and McColl have utilized the Oval’s climbing wall extensively as part of their preparation for the Tokyo Olympics. Sport climbing has seen a significant boost in popularity over the last few years and the Corporation is correspondingly seeing an increase in youth climbing program registration and adult drop in climbing.

Due to COVID-19 and the restrictions outlined in the Provincial Health Order, events scheduled to take place in Q1 at the Oval have been limited, altered or postponed. Postponed events included the Wheelchair Rugby National Training Camp, Wheelchair Rugby Provincial Training Camp, BCSRA Winter Show, Fencing World Cup, Panther Cheer Snowflake, Panther Cheer Marti Parti, Harry Jerome Indoor Track Meet, Wheelchair Rugby Vancouver Invitational and Judo BC Pacific Invitational. The aforementioned postponed events were rescheduled for 2022 and 2023. Corporation staff worked with sport event organizers to plan and execute on live streamed and COVID-19 safe training camps and virtual competitions.

Additionally, some of the future new events secured in Q1 by Events and Sport Hosting include: Ringette BC assessment camp, Rhythmic Gymnastics assessments, Judo BC National Tournament, Badminton BC Regional Provincials, Volleyball Canada High School Tournament and Climbing North American Cup.

Local sport organizations training in Q1 included: Greater Vancouver Canadians hockey teams, Thunderbirds hockey team, Vancouver Angels, Thunder Volleyball, Air Attack Volleyball Club, Element Volleyball Club, Wings Badminton Club, Table Tennis North, Citius Table Tennis Club, False Creek Racing Canoe Club, Thunder rowing, Asahi Baseball and Split Second Basketball. For many groups, in person training was supplemented with online virtual seminars focused on topics such as mental performance and nutrition. The option for virtual delivery of programs and services increased access to Oval offerings for those who either do not live in the lower mainland or were not able to travel.

Athletes from Field Hockey Canada, Wheelchair Rugby, Wheelchair Basketball Canada, Climbing Escalade Canada and Athletics Canada utilized the Oval’s facilities and/or services during Q1 as part of their preparations for the Tokyo Olympic and Paralympic games. The Oval was also utilized by Provincial level athletes from the sports of volleyball, ice hockey, figure skating, wheelchair rugby, wheelchair athletics, table tennis, para table tennis, badminton, gymnastics, basketball and speedskating.

Governance

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

Financial

For Q1, the Corporation exceeded budgeted targets. The results for the 3 months ended March 31, 2021 were budgeted at a surplus before amortization and transfers to reserves/equity of \$202,000 and the actual results were \$485,000, indicating a favorable variance of \$283,000 (please see page 4 for the Corporation's balance sheet as of March 31, 2021 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 2021 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenue was \$1,126,000 in Q1 and other revenue of \$297,000 primarily pertained to sponsorship, space leasing, parking, and interest revenue. Overall, revenue was \$163,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q1 2021 were \$1,104,000, facility operations costs were \$953,000, marketing expenses were \$95,000, and administration and finance expenses were \$634,000. Overall, expenditures were \$131,000 favorable to budget.



Rick Dusanj, CPA, CA
Director, Finance
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RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at March 31, 2021

Unaudited, prepared by management

		Mar 31, 2021
ASSETS		
Financial Assets		
Cash	\$	2,187,946
Investments		12,620,889
Inventory		158,125
Accounts receivable		396,473
		16,294,683
Financial Liabilities		
Accounts payable and accrued liabilities		1,828,863
Deferred revenue		8,331,538
Rental deposits		7,373
		10,167,773
Net financial assets		6,126,910
Non-Financial Assets		
Tangible capital assets		12,037,209
Prepaid expenses and other deposits		542,956
		12,580,164
Accumulated Surplus (Note 1)	\$	18,707,074

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

Investment in capital assets	8,454,509
Reserves/Provisions	9,403,440
Common Shares	1
Surplus	849,125
18,707,074	

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 \$2.10M 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, 2021

Unaudited, prepared by management

	QTR 1 2021			QTR 1 2020			2021 BUDGET		
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET
REVENUES									
2010 Games Operating Trust Fund	931,250	931,250	-	0%	725,000	739,045	14,045	2%	3,725,000
Contribution from City of Richmond	917,471	917,471	-	0%	899,481	899,481	-	0%	3,669,885
Memberships, admissions and programs	972,452	1,125,546	153,094	16%	2,358,386	1,970,127	(388,259)	-16%	4,294,411
Other	287,643	297,226	9,583	3%	500,783	531,794	31,011	6%	1,320,973
	3,108,816	3,271,493	162,677	5%	4,483,650	4,140,447	(343,203)	-8%	13,010,269
EXPENSES									
Memberships, admissions and program services	1,126,750	1,103,757	22,993	2%	1,534,615	1,487,278	47,337	3%	4,860,783
Facility Operations	958,451	952,951	5,500	1%	1,180,382	1,109,963	70,419	6%	4,205,075
Marketing	107,008	95,499	11,509	11%	175,794	165,887	9,907	6%	527,951
Admin/Finance	714,161	633,986	80,175	11%	823,093	769,703	53,390	6%	3,250,600
Amortization	442,016	431,252	10,764	2%	500,000	399,883	100,117	20%	2,000,000
	3,348,386	3,217,445	130,941	4%	4,213,884	3,932,713	281,171	7%	14,844,409
Net Income/(Loss) (Note 1)	(239,570)	54,048	293,618	123%	269,766	207,733	(62,033)	-23%	(1,834,140)

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 \$2.10M annually over the past 5 years.

Numbers may be off due to rounding.