



City of Richmond

Report to Committee

To: Finance Committee **Date:** May 25, 2023
From: Jerry Chong, CPA, CA **File:** 03-1200-09/2023-Vol
General Manager, Finance & Corporate Services 01
Re: **Richmond Olympic Oval Corporation -1st Quarter 2023 Financial
Information**

Staff Recommendation

That the Richmond Olympic Oval Corporation – 1st Quarter 2023 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

Jerry Chong, CPA, CA
General Manager
Finance & Corporate Services
(604-276-4064)

REPORT CONCURRENCE
APPROVED BY CAO  _____

DATE: May 25, 2023

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 – 1st Quarter 2023 Financial information**

Origin

This staff report addresses the first quarter financial results for the 3 months ended March 31, 2023 (“Q1”) which was endorsed by the Corporation’s Board of Directors. Below are some of the highlights of the activities undertaken during Q1.

Q1 Highlights

Community Use

The Fields at Richmond Olympic Oval opened to the public in March. The new turf fields, basketball courts and public spaces have increased the capacity to provide even more community multisport programming and for the Oval to deliver youth sports camps and expand strength and conditioning services. Thus far, over 85% of the Fields prime time space has been allocated for programming, community groups and events.

Q1 2023 also saw a continued increase in membership sales and uptake from the community through the Oval’s delivery of drop-in fitness and sports programming, with approximately 8,000 drop-in visits per week, participating in activities such as hockey, fitness, basketball, climbing, and table tennis. In addition, the ROX had approximately 30 school groups, that included 1,500 students visit the Oval. At the end of Q1, 71% of Oval members were Richmond residents. The remaining 29% 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.

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

Events that took place this quarter included: BC Sports Rep Association Winter Trade Show, BC Hockey Winter Showcase, Pinnacle Cheer Snow Flake Cheerleading Championships, BC Wrestling Western Canadians Championships, Climbing Escalade Canada High Performance Climbing Competition, Harry Jerome Indoor Track Meet, Independent Schools Elementary Association Basketball Tournament, BC Hockey Canada Games Training Camp, Rhythmic Gymnastics Elite Championships, Pinnacle Cheer Mardi Parti Cheerleading Championships, Catholic Independent Schools Vancouver Basketball Tournament, Rhythmic Gymnastics Aura Cup, Push 4 Impact Wheelchair Rugby Tournament, Rehab Equipment Expo, CARHA Hockey World Cup, and Wheelchair Rugby Vancouver Invitationals.

New events secured in Q1 by Events and Sport Hosting included: Bosa Family Day, Chinese Street Dance Festival, Canadian Border Services Training Week, Functional Fitness Throw Down Series, United Filipino Volleyball Tournament, World Cup Field Painting, and the 2023 World Master Functional Fitness Championships.

Athletes representing a variety of provincial and national sports organizations utilized the Oval for training in Q1. These groups included but were not limited to the following: Athletics Canada, Basketball BC, BC Athletics, BC Wheelchair Athletics, BC Wheelchair Rugby, Climbing Escalade Canada, Cycling Canada, Field Hockey Canada, Softball Canada, Table Tennis Canada, Volleyball Canada, BC Wheelchair Basketball Society, and Wheelchair Curling Canada.

Governance

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

Financial

The results for the 3 months ended March 31, 2023 show income of \$422,000 after amortization compared to a budgeted loss of \$39,000, indicating a favorable variance of \$461,000 (please see page 4 for the Corporation's balance sheet as of March 31, 2023 and page 5 for the statement of operations). In Q1, \$573,000 was allocated to the reserves/equity.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2023 Games Operating Trust Fund ("GOT") distribution of \$931,000 was recognized as revenue. Memberships, admissions and programs revenue was \$2,360,000 in Q1 and other revenue of \$510,000 primarily pertained to space leasing, parking, and interest revenue. Overall, revenue was \$370,000 favorable to budget.

Expenses

Memberships, admissions and program services costs for Q1 2023 were \$1,661,000, facility operations costs were \$1,189,000, marketing expenses were \$139,000, and administration and finance expenses were \$948,000. Overall, expenditures were \$91,000 favorable to budget.

A handwritten signature in black ink, appearing to read "R. Dusanj".

Rick Dusanj, CPA, CA

Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION

Balance sheet

As at Mar 31, 2023

Unaudited, prepared by management

		Mar 31 2023
ASSETS		
Financial Assets		
Cash	\$	1,594,074
Investments		15,206,580
Inventory		211,397
GOT receivable		931,250
Accounts receivable		913,545
		18,856,846
Financial Liabilities		
Accounts payable and accrued liabilities		2,691,156
Deferred revenue		11,675,003
Rental deposits		7,373
		14,373,531
Net financial assets		4,483,315
Non-Financial Assets		
Tangible capital assets		14,618,671
Prepaid expenses and other deposits		814,707
		15,433,378
Accumulated Surplus (Note 1)	\$	19,916,692

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

Investment in capital assets	7,678,514
Reserves/Provisions	11,360,450
Common Shares	1
Surplus	877,726
19,916,692	

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 \$2.14M 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, 2023
Unaudited, prepared by management

	QTR 1 2023			QTR 1 2022			2023		
	BUDGET	ACTUAL	% Variance Fav/(Unfav)	BUDGET	ACTUAL	% Variance Fav/(Unfav)	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET
REVENUES									
2010 Games Operating Trust Fund	931,250	931,250	0%	931,250	931,250	0%	-	0%	3,725,000
Contribution from City of Richmond	975,926	975,926	0%	938,573	938,573	0%	-	0%	3,903,713
Memberships, admissions and programs	2,124,996	2,360,499	11%	1,400,727	1,729,043	23%	328,316	23%	8,379,796
Other	374,898	509,554	36%	287,179	293,404	2%	6,225	2%	2,405,931
	4,407,070	4,777,229	8%	3,557,729	3,892,270	9%	334,541	9%	18,414,440
EXPENSES									
Memberships, admissions and program services	1,603,782	1,660,838	-4%	1,337,283	1,423,514	-6%	(86,231)	-6%	6,787,937
Facility Operations	1,227,579	1,189,061	3%	1,110,732	1,103,899	1%	6,833	1%	5,020,164
Marketing	144,489	138,752	4%	141,167	137,106	3%	4,061	3%	582,571
Admin/Finance	932,259	947,772	-2%	776,709	742,888	4%	33,821	4%	3,750,592
Amortization	538,308	418,926	22%	485,910	442,572	9%	43,338	9%	2,500,000
	4,446,417	4,355,350	2%	3,851,801	3,849,979	0%	1,822	0%	18,641,264
Net Income/(Loss) (Note 1)	(39,347)	421,879	1172%	(294,072)	42,291	114%	336,363	114%	(226,824)

Note 1 - In Q1, \$0.57M 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 \$2.14M annually over the past 5 years.

Numbers may be off due to rounding.