



City of Richmond

Report to Committee

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

Date: August 28, 2020

File:

Andrew Nazareth
General Manager, Finance and Corporate Services
& Chief Financial Officer, Richmond Olympic Oval

Re: **Richmond Olympic Oval Corporation – 2nd Quarter June 30, 2020 Financial Information**

Staff Recommendation

That the report on Financial Information for the Richmond Olympic Oval Corporation for the second quarter ended June 30, 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: August 28, 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 – 2nd Quarter June 30, 2020 Financial information**

Origin

This staff report deals with the second quarter financial results for the three months ended June 30, 2020 ("Q2") 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 Q2. 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. In late June, the Corporation started planning for the eventual and appropriately timed reintroduction of programs and services which was conducted in accordance with the provincial health and safety guidelines as our guiding principle. After three and a half months of not being open to the public to provide programs and services, the Oval began to offer limited services at the beginning of Q3.

Community Use

Following the closure, the Oval launched its online fitness program called OVALfit at Home. The online fitness program was implemented in order to support members and the community during the closure of most fitness facilities. OVALfit at Home provided a dynamic schedule of 13 live virtual workouts each week that were led by Oval fitness instructors on social media. Classes offered varied from popular OVALfit Flow and Zumba classes, to upbeat Kickbox and Bodyweight classes that could be accomplished in a home setting. To date, the workouts have garnered over 65,000 views. In addition, during Q2, construction of the new climbing wall was completed in advance of the Oval's modified resumption of services. The route setting was done by the national climbing coach with Tokyo 2020 qualified athletes testing out the routes to ensure national caliber climbing standards.

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

Due to COVID-19 and the restrictions on gatherings over 50 individuals, events scheduled to take place in Q2 at the Oval were postponed. Several of these events were rescheduled for 2021. Some of the future new events secured in Q2 by Events and Sport Hosting include: U14 Volleyball Nationals 2022 and 2024 – ISKF Nationals 2021 (Karate).

The Oval's High Performance program implemented online training offerings which included strength and conditioning sessions, mental performance and other online "classroom" based sessions. Athletes from as far away as Kamloops registered and participated in the virtual program, in addition to athletes from various Oval programs including:

- High performance Speed Skating Program
- Van United Soccer
- Oval Climbing Program
- Field Hockey Canada (Men's National Team and Next Generation)
- High Performance Peak Basketball Training

Governance

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

Financial

The Oval closed to the public in mid-March and was closed for the duration of Q2. The YTD results for the 6 months ended June 30, 2020 show a loss of \$483,000 (please see page 4 for the Corporation's balance sheet as of June 30, 2020 and page 5 for the statement of operations).

Comments on the Financial Results for Q2

Revenues

The Q2 portion of the estimated 2020 Games Operating Trust Fund ("GOT") distribution of \$739,000 was recognized as revenue. Memberships, admissions and programs revenue was \$84,000 in Q2 and other revenue of \$328,000 primarily pertained to sponsorship, space leasing, parking, interest and grant funding revenue.

Expenses

Memberships, admissions and program services costs for Q2 2020 were \$697,000, facility operations costs were \$693,000, marketing expenses were \$73,000, and administration and finance expenses were \$673,000.



Rick Dusanj, CPA, CA

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

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at June 30, 2020****Unaudited, prepared by management**

		Jun 30, 2020
ASSETS		
Financial Assets		
Cash	\$	2,886,524
Investments		14,337,639
Inventory		162,919
Accounts receivable		403,550
		<u>17,790,632</u>
Financial Liabilities		
Accounts payable and accrued liabilities		1,458,080
Deferred revenue		8,712,825
Rental deposits		7,373
		<u>10,178,277</u>
Net financial assets		7,612,355
Non-Financial Assets		
Tangible capital assets		11,297,242
Deferred lease costs		7,672
Prepaid expenses and other deposits		291,860
		<u>11,596,773</u>
Accumulated Surplus (Note 1)	\$	19,209,128

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

Investment in capital assets	8,704,595
Reserves/Provisions	9,660,883
Common Shares	1
Surplus	843,648
	<u>19,209,128</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 June 30, 2020
Unaudited, prepared by management

	QTR 2 2020				YTD ended June 30, 2020				2020	
	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	ACTUAL	\$ Variance Fav/(Unfav)	% Variance Fav/(Unfav)	BUDGET	BUDGET
REVENUES										
2010 Games Operating Trust Fund	725,000	739,162	14,162	2%	1,450,000	1,478,207	28,207	2%	2,900,000	
Contribution from City of Richmond	899,482	899,482	-	0%	1,798,963	1,798,963	-	0%	3,597,926	
Memberships, admissions and programs	2,164,605	83,873	(2,080,732)	-96%	4,522,991	2,054,000	(2,468,991)	-55%	9,367,603	
Other	500,782	328,272	(172,510)	-34%	1,001,565	860,065	(141,500)	-14%	1,957,277	
	4,289,869	2,050,788	(2,239,080)	-52%	8,773,519	6,191,236	(2,582,283)	-29%	17,822,806	
EXPENSES										
Memberships, admissions and program services	1,549,904	696,639	853,265	55%	3,084,519	2,183,917	900,602	29%	6,405,633	
Facility Operations	1,180,381	692,883	487,498	41%	2,360,763	1,802,847	557,917	24%	4,721,527	
Marketing	169,311	73,357	95,954	57%	345,105	239,244	105,861	31%	686,470	
Admin/Finance	828,563	673,467	155,096	19%	1,651,656	1,443,170	208,486	13%	3,306,216	
Amortization	500,000	397,106	102,894	21%	1,000,000	796,988	203,012	20%	2,000,000	
	4,228,159	2,533,453	1,694,706	40%	8,442,043	6,466,166	1,975,877	23%	17,119,846	
Net Income/(Loss)	61,710	(482,664)	(544,374)	-882%	331,476	(274,930)	(606,406)	-183%	702,960	

Numbers may be off due to rounding.