

Date: February 14, 2008



**TO: Board Members – Vancouver Park Board**  
**FROM: General Manager – Parks and Recreation**  
**SUBJECT: Financial Statements for the Year Ended  
December 31, 2007**

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## RECOMMENDATION

*THAT the Board receive this report for information*

## POLICY

There is no applicable policy.

## BACKGROUND

This report discusses the Board's 2007 year end financial positions for the Operating Budget, the Donation program and the Stanley Park Restoration project. The attached figures reflect the current financial situation, pending minor adjustments by the City of Vancouver or its external auditors. The City of Vancouver will provide official city-wide financial statements for 2007 some time in late Spring.

## DISCUSSION

### **2007 Operating Budget**

The Board's 2007 revenues and expenses were significantly impacted by the 12 week civic work strike which took place during one of our busiest periods. Between mid-July and mid-October, most services provided by the Board were suspended; exceptions were leased restaurant properties, concession services and access to public parks. As a result of this work stoppage, the Board spent considerable less than budgeted with net expenses totaling \$49,563,639, leaving a surplus of \$7,957,928 in Park Board accounts.

Details of the Board's year end position are attached as follows:

- Appendix I – Operating Statement for the year ended December 31, 2007, which provides a breakdown of Revenues and Expenditures by District
- Appendix II – 2007 Revenues & Expenses by Program

- Appendix III – 2007 Surplus Breakdown by Type of Expense and Work Stoppage impact.

## **Revenues**

The Park Board total revenues for 2007 were \$8,705,912 below budget (Appendix I).

The three districts all had revenues below budget, ranging from \$1.2 million in the Queen Elizabeth District to \$5.9 million in the Vancouver East District. Revenues were below budget due to recreation, golf, concession and park admission shortfalls resulting from facility closures. Revenues in Planning and Operations and Corporate Services were above budget levels, mostly as a result of cost recoveries. As noted in Appendix II, revenues were below budget in most service areas, with the exception of marinas, leases, and cost recoveries for arboriculture, facility and park maintenance.

Due to the interrelated impacts of revenues and related expenses, it is difficult to determine the financial impact of the work stoppage. Appendix III details the 2007 revenue shortfall and attempts to assess the impact of the work stoppage and determine the residual shortfall resulting from regular Board operations. It is estimated that revenues would have fallen short of budget by just over \$1.1 million when work stoppage impacts and donations are excluded. The majority of this revenue shortfall would have been in golf courses. However, there were also substantial savings in payroll and supplies to offset the revenue shortfall. The Golf Course marketing plans were approved by the Board and will be implemented to address the revenue shortfall for 2008.

## **Gross Expenditures**

As noted in Appendix I, the Park Board total gross expenditures were \$16,663,840 below budget, with all districts and service areas experiencing expenditure savings.

As noted in Appendix III, there were expense savings of just over \$1.0 million once work stoppage impacts and donations are excluded. These expense savings were mostly in payroll (\$479,183) and supplies (\$509,495) and result from efforts to mitigate the golf revenue shortfall noted above.

## **Work Stoppage Impacts**

Given the interrelated impacts of revenues, staff costs and other variables on the Board's programs, it was difficult to determine the impact of the work stoppage on the Board's finances for 2007. Appendix III provides a breakdown of the year end surplus by type of expense and allocates the portion of the surplus which is attributable to the work stoppage (as previously reported to the Board at its meeting on February 11, 2008 and to Council on February 12, 2008).

Overall the Board had an operating surplus of \$7,957,928 in its operating budget at the end of 2007. Of this, \$8,032,109 in savings in the Board's accounts is attributable to the work stoppage, leaving a deficit of \$74,181 due to normal operations. This deficit is approximately 0.1% of the Board's 2007 operating budget.

### **2007 Donation Program**

In 2007 there were two main focuses for fundraising and development efforts: the Stanley Park restoration project and annual fundraising for park amenities, special projects and endowments.

In 2007 \$8,135,162 in donations was collected on behalf of the Stanley Park restoration project. Donations collected from private and corporate donors totalled \$3,135,162. An additional \$5 million was also received from the Federal and Provincial Governments and the City of Vancouver. A detailed breakdown of donations for the Stanley Park Restoration is attached in Appendix IV.

The other main area of focus, annual fundraising for park amenities, special projects and endowments resulted in \$894,379 being received in 2007. A detailed breakdown of the various funds and donors is detailed in Appendix V and includes interest earned, donations generated and expenses incurred. Highlights of fundraising results in the three main categories are detailed below.

### **Park Amenities**

The Park Amenity program funds park amenities such as benches, tables, fountains, and trees for a specified term or in perpetuity. Donors contributed \$208,812 to the regular amenity program in 2007. 30 previous donors renewed their commitment, 36 new donors were added to the Park Board's base of support and 29 new benches and 8 commemorative tree gifts were funded.

Efforts on behalf of the Amenities in Perpetuity program, which allows donors who wish to dedicate a bench or picnic table as an everlasting legacy, resulted in contributions of \$222,200 and 15 benches being funded in 2007.

The total collected on behalf of both programs was \$431,012 in 2007. Expenses for the program totaled \$113,041, leaving a net contribution of \$340,159 year to date and bringing the total park amenity balance to \$1,399,542.

### **Special Projects**

This program enables donors to provide gifts for specific one-time or short-term projects and a total of \$310,921 was received from donors in 2007. A complete list of all funds donated in 2007 is included in Appendix V, but highlights of funds received in 2007 include:

- \$193,710 for Major gifts, including \$180,710 to support the restoration of Stanley Park and the Stanley Park 120<sup>th</sup> Anniversary celebration and \$13,000 to upgrade and resurface the Kits Beach basketball courts.
- \$48,799 for Special Projects, which included \$34,999 for the Red Fox program, which is designed to support aboriginal women with opportunities for increased wellness and activity levels.
- \$26,000 from the Graeme Stamp Dedication for the creation of a seating area and walkway in the Coal Harbour Phase III development.
- \$15,200 from Robert Dehart for the development of a bench shelter in Stanley Park along Cathedral Trail.

Funds spent on special projects in 2007 totaled \$94,679, resulting in a net increase of \$217,278 to the special projects fund in 2007.

### **Endowment Program**

The endowment program provides donors with opportunities to provide a legacy for the community by providing ongoing funds for park or recreation programs. The original gift is preserved and the interest earned on that gift is used for the purpose designated in the initial endowment.

In 2007 endowment funding of \$111,031 was received. \$40,656 was received from the CF Moore Estate and 3 new named endowments were established with funds totaling \$70,375, as noted below.

- Endowment In Memory of Patrick and Louise Foran
- Mower Family Endowment
- Barb Brown Heron Habitat Preservation Endowment for Stanley Park

Overall, the Donation program collected an additional \$852,963 in funds in 2007. It also earned \$41,226 in interest. After all program expenses were deducted, the net increase of \$539,427 brings the total donation balance as of December 31, 2007 to \$2,020,522.

### **Stanley Park Restoration Project**

As noted above and detailed in Appendix IV, the Stanley Park Restoration received \$8,469,312 in donation in 2007. This included \$5,000,000 from three levels of government and \$3,135,162 from individuals and corporations.

In terms of expenditures, the Board has received a number of updates on the progress of the Stanley Park Restoration project during 2007, most recently in November 2007. As of December 31, 2007 a total of \$3,020,669 has been spent on the restoration project, with \$566,615 of that for public consultation and plan development to guide the overall vision of the restoration of the park.

Over \$2.1 million has been spent on Forestry work, with \$360,537 spent in the immediate aftermath of the storm for emergency clean-up work. Since that time \$309,906 has been spent on consulting with forestry experts and determining a work plan, while a further \$1,430,026 was spent to carrying out the required site clearing, preparation and forestry work.

In addition to the Forestry work, \$350,736 has been spent on Seawall repairs, escarpment stabilization work previously reported to the Board and park circulation.

A balance of \$5,448,643 remains in the fund. Major Spring 2008 expenditures for Prospect Point redevelopment are approximately \$2 million and the long-term seawall repairs at approximately \$1 million. Forestry/planting completion for the park will cost approximately \$750,000. The estimate for the legacies program remains at \$750,000. The overall project costs will remain within the currently approved budget and, barring future unseen delays, will be completed approximately two months beyond the initial schedule estimations.

## **SUMMARY**

In 2007 the Board's Operating Budget was significantly impacted by the 12 week work stoppage both in terms of services to the public and financial results. Expenses were below budget in virtually all service areas, due to savings from the work stoppage. As of the end of 2007, Park Board had a surplus of \$7,957,928, of which \$8,032,109 was attributed to the stoppage, leaving a small deficit of \$74,181 or 0.1%. Under the global budget arrangement, the net operating budget approved by Council each year represents the maximum funding for the Board of Parks & Recreation for that year. While the arrangement requires the Board to manage its operations within the funds approved by Council, in view of net Park Board savings and the difficulty in determining the impact of the work stoppage, the City will absorb the additional operating costs.

The Donation program collected an additional \$852,963 in funds in 2007. It also earned \$41,226 in interest. After all program expenses were deducted, the net increase of \$539,427 brings the total donation balance as of December 31, 2007 to \$2,020,522.

The Stanley Park Restoration project collected \$8,135,162 in donations, earned \$227,015 in interest and generated \$107,135 in revenue from log sales for a total increase in funds of \$8,469,312. Once expenses of \$3,020,669 are accounted for, \$5,448,643 remain in the fund to complete the restoration and legacy work for Stanley Park.

Prepared by:

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