

Date: March 10, 2009



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
**SUBJECT: Financial Statements for the Year Ended
December 31, 2008**

RECOMMENDATION

THAT the Board receive this report for information

POLICY

There is no applicable policy

BACKGROUND

This report discusses the Board's 2008 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 2008 some time in late spring.

DISCUSSION

2008 Operating Budget

As of December 31, 2008, the Board had spent \$59,432,948 or 99.7% of its budget, with total revenues falling short of budgeted levels by \$890,968 and expenditures coming in under budget by \$1,093,113.

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

- Appendix I – Operating Statement for the year ended December 31, 2008, which provides a breakdown of Revenues and Expenditures by District
- Appendix II – 2008 Revenues & Expenses by Program
- Appendix III - 2008 Revenue & Expenses by Expense Category

Revenues

The Park Board total revenues for 2008 were \$890,968 or 2.3% below budget.

As noted in Appendix I, in all areas except the Vancouver East District, revenues were above budget. The Vancouver East District fell short of budgeted revenues by almost \$2 million, with over \$1.7 million of that shortfall coming from golf operations. The remaining shortfall is attributable to closures of Trout Lake and Killarney Rinks for Olympic construction and these shortfalls were offset by expense savings in the same areas.

Appendix II provides a breakdown of gross revenue by program. While revenues from income-oriented operations fell short of budget by a total of \$1.2 million, concessions, parking, marinas, and lease operations all ended the year with revenues above budget. Revenues from Park operations were down by \$258,000 at year end, with the majority of that due to revenues shortfalls from snow closures for events in Stanley Park and VanDusen. Recreation revenues, however, were \$569,000 above budget.

Gross Expenditures

Appendix III provides a breakdown of expenditures into the major types. As noted, Park Board total gross expenditures were \$1,093,000 below budget, with payroll costs \$1.9 million under budget and expenditures on supplies, services transfers and other expenses was over budget by \$726,000.

There are a number of reasons for this. As noted above the Trout Lake and Killarney Rinks were closed for Olympic construction, resulting in payroll savings as regular full time staff were redeployed elsewhere in the organization. As well, there were reduced staff costs for the snow closures for events in Stanley Park and VanDusen. Payroll savings in the building and facility maintenance areas were the result of being unable to fill some specialty positions due to a lack of qualified candidates, although the savings were used to hire service companies with the required qualifications to perform the needed work. There were also payroll savings in the arboriculture program due to less cost recovery work for outside organizations like ICBC and BC Hydro.

Overall Year End Budget Position

Overall the Board was under spent by \$202,000 at year end. However, the Global Budget arrangement with the City recognizes that a number of costs are not under the direct control of the Board. Savings or deficits resulting from expenditures on utilities, city equipment and fringe benefits must be returned to the City. Therefore to arrive at a true statement of year end expenses, the impact of savings or deficits from these areas must be excluded (see Appendix III).

In 2008 expenditures on City equipment were \$301,000 over budget, while there were surpluses of \$231,000 from utilities and \$743,000 from fringe benefits. The net impact from these three adjustments is a savings of \$673,000, which is returned to the City accounts. Once the \$673,000 net savings is removed from the Board's accounts, the Park Board financial statements surplus of \$202,000 is reduced to a deficit of \$470,000 or 0.8% of budget.

Of this \$470,000, approximately \$400,000 can be attributed to the impact of December snow storms, with \$250,000 in salt purchases and overtime costs for snow removal and an estimated \$150,000 in foregone revenues for nights when the Festival of Lights at VanDusen and Bright Nights in Stanley Park had to be closed. Once the snow costs are accounted for, the Board is left with an over expenditure of approximately \$70,000 on a net budget of \$59,635,092.

2008 Donation Program

In 2008 a total of \$699,539 was raised by annual fundraising for park amenities, special projects and endowments. An additional \$2,077,060 was raised for the Stanley Park Restoration Project. A detailed breakdown of the Donations Programs donations and expenses is attached in Appendix IV. Activities for the Donation Program's three main categories are detailed below.

Park Amenities

The Park Amenity Program provides opportunities for the public to fund park amenities such as park benches, picnic tables, drinking fountains, and trees for a specified term or in perpetuity. \$224,822 was raised through term amenities and \$280,132 was raised through amenities in perpetuity which provides individuals who wish to dedicate a park bench or picnic table as an everlasting gift. The program also includes opportunities for existing park amenity donors to renew their support after the original 10 year term. Last year, 26 donors renewed their support and 70 new donors were acquired through the program.

The total raised from the Park Amenity program was \$504,954 in 2008. Expenses for the program totaled \$230,798 leaving a net contribution of \$402,483 year to date after interest and overhead bringing the total Park Amenity balance to \$1,585,004.

Special Projects

This program provides opportunities for the public to contribute to one-time or short-term projects through designated gifts. \$112,715 was raised in 2008. A complete list of all designated funds is included in Appendix IV. Following are a few examples of designated project funds:

- \$35,000 for the Active Communities Red Fox Walking Project offered through Community Centres
- \$30,000 for a climbing rock at West Point Grey Park
- \$12,000 for an Environmental Art Project in Stanley Park
- \$5,000 for the restoration of the David Oppenheimer statue in Stanley Park
- \$4,883 for the restoration of the Wind Swimmer kinetic sculpture at Kitsilano Beach Pool

Funds spent on special projects in 2008 totaled \$315,409 and interest earned was \$8,252 resulting in a net decrease of \$194,441 to the special projects fund in 2008 and bringing the balance to \$144,195.

Endowment Program

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

In 2008, \$81,870 was raised and two endowments were established bringing the total number of named endowments to eight. Expenses and interest earned brought the Endowment Fund balance at year end to \$577,602.

Bequest and Estates

In addition to the above established categories of gifting, the Park Board has received notice of six bequests ranging from \$10,000 to \$100,000. These gifts have been specified and will be forthcoming.

Stewardship and Donor Recognition

In 2008, 7 plaque unveilings, 8 donor tree planting events and 2 employee volunteer tree planting events were held. 45 park tours were conducted and stewardship reports were sent. These activities are to cultivate our relationship with donors and recognize their support to the Park Board.

Overall, the Donation Program raised \$699,539 in 2008. It also earned \$177,631 in interest. After all program expenses were deducted, the net increase of \$240,959 brings the total donation balance as of December 31, 2008 to \$2,306,801

Stanley Park Restoration Project

As noted above and detailed in Appendix V, the Stanley Park Restoration received funds totaling \$2,077,060 in 2008. This included \$1,000,000 from the Government of Canada, \$309,955 from individuals and corporations, \$538,855 from log sales and \$228,250 of interest earned on the Stanley Park Restoration Reserve.

In terms of expenditures, the Board has received a number of updates on the progress of the Stanley Park Restoration Project during 2008, and a final report will be coming before the Board on May 4, 2009. For the year ending December 31, 2008 \$5,587,151 was spent on the Restoration Project, with \$528,832 of that for public consultation and plan development to guide the overall vision of the restoration of the park.

\$1,275,778 was spent on forestry work, with \$379,198 of that spent on emergency clean-up work. During 2008 \$146,836 was spent on consulting with forestry experts and development of a work plan, while a further \$749,744 was spent to carry out the required site clearing, preparation and forestry work.

In addition to the forestry work, \$1,730,301 has been spent on seawall repairs, escarpment stabilization work previously reported to the Board, and park pathways and roads. A total of \$1,853,256 has been spent on Prospect Point road realignment during 2008.

A balance of \$1,938,552 remains in the fund at the end of 2008. The remaining funds will be spent on finalizing the Prospect Point redevelopment, pathway and road repairs, park repairs and the legacies program.

SUMMARY

Overall the Board was under spent by \$202,144 at year end. However, the Global Budget arrangement with the City recognizes that a number of costs are not under the direct control of the Board. Once the \$673,000 net savings of these costs was removed from the Board's accounts, the Park Board financial statements savings show an over expenditure of \$470,000 or 0.8% of budget. Of this \$470,000, approximately \$400,000 can be attributed to the impact of December snow storms, with \$250,000 in salt purchases and overtime costs and an estimated \$150,000 in foregone revenues for nights when the Festival of Lights at VanDusen and Bright Nights in Stanley Park had to be closed. Once the snow costs are accounted for, the Board is left with an over expenditure of less than \$100,000 on a net budget of \$59,635,092. It should be noted that the Board was able to minimize the operating budget deficit in 2008, but the Board's operating budget is tight due to the \$0.9 million revenue shortfall and there is little room to absorb unforeseeable costs, especially late in the year.

The Donation program collected an additional \$699,539 in funds in 2008. It also earned \$177,631 in interest. After all program expenses were deducted, there is a net increase of \$286,279 which brings the total donation balance as of December 31, 2008 to \$2,306,801.

During 2008, the Stanley Park Restoration Project collected \$1,309,955 in donations, earned \$228,250 in interest and generated \$538,855 in revenue from log sales for a total increase in funds of \$2,077,060. Once expenses of \$5,587,151 are accounted for, the Project spent a total of \$3,510,091 in 2008, leaving a balance of \$1,938,552 remaining in the fund to complete the restoration and legacy work for Stanley Park.

Prepared by:

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