



Management Report  
for  
The Board of Governors of Exhibition Place  
December 2008

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## Executive Summary

	Actual	Plan	Variance
<i>Revenues</i>	\$ 329,732	\$ 110,880	\$ 218,852
<i>Expenses</i>	\$ (292,319)	\$ (264,922)	\$ (27,397)
<b>EBITDA/(LBITDA)</b>	<b>\$ 37,413</b>	<b>\$ (154,042)</b>	<b>\$ 191,455</b>
<i>Rebates and Incentive</i>			
<i>Reverse Non Cash Revenues</i>			
<i>Cash Available for Distribution to the Board of Governors of Exhibition Place</i>			

	Actual	Plan	Variance
	\$ 8,221,339	\$ 6,672,067	\$ 1,549,272
	\$ (7,898,656)	\$ (6,574,177)	\$ (1,324,479)
	<b>\$ 322,683</b>	<b>\$ 97,890</b>	<b>\$ 224,793</b>
	\$ (118,841)	\$ - (48,945)	\$ (69,896)
	\$ (85,000)	\$ -	\$ (85,000)
	<b>\$ 118,841</b>	<b>\$ 48,945</b>	<b>\$ 69,896</b>

- For the month ending December 31, 2008, the operating income for BMO Field was \$37K before depreciation, incentives and rebates (\$191K favourable to budget). For the year ending December 31, 2008, the operating profit before depreciation, incentives and rebates was \$323K (\$225K favourable to budget). Anticipated excess cash distributions payable to the Board of Governors of Exhibition Place is \$119K (to be finalized upon completion of the audit)
- Total revenues of \$330K for the month were \$219K or 197% favourable to budget due to the settlement with the CSA for lost events and contra sponsorship. For the year, total revenues were \$1.5M or 23% favourable to budget. The favourable variance was due to higher community usage of the bubble, an increase in corporate rentals, the CSA settlement and strong food and beverage sales from the TFC games, two CSA games and the 2008 MLS All-Star game.
- Total operating expenses of \$292K for the month were \$27K or 10% unfavourable to budget (\$1.3M or 20% unfavourable for the year). The higher operating expenses in the month were primarily due to security charges for the bubble (\$12K) and broadcast telephone lines (\$11K). For the year, operating expenses were unfavourable to budget because of higher supplies and services (\$548K), cost of goods sold (\$440K), part-time labour costs (\$249K) and other expenses (\$122K).

Events hosted by BMO Field:

	DECEMBER			2008			2007
	Actual	Plan	Variance	Actual	Plan	Variance	Actual
<i>TFC Games (MLS, Friendly &amp; CONCACAF)</i>	0	0	0	19	17	2	17
<i>CSA Games</i>	0	0	0	2	6	-4	2
<i>MLS All-Star</i>	0	0	0	1	1	0	0
<i>FIFA/International Games</i>	0	0	0	3	0	3	12
<i>Other Events</i>	0	0	0	1	0	1	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>24</b>	<b>2</b>	<b>32</b>

## December 2008 Financials

### BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$958K decreased by \$780K from December 31, 2007. Major uses of cash were distributions of incentives, rebates and excess cash from the 2007 season (\$980K). Cash from operations before incentives, rebates and excess cash distributions was \$200K.
- Accounts Receivable of \$314K includes \$134K on 2009 suite renewals, \$62K from TicketMaster and \$60K for broadcasting charges. A provision of \$30K was recorded for amounts outstanding. BMO Field is currently monitoring receivables and, other than items provided for, no collection issues are anticipated.
- Accounts Payable and Accrued Liabilities of \$543K includes \$132K in accounts payable, accrued liabilities of \$250K and \$97K payable to MLSEL for shared cost recoveries.
- Incentives & rebates payable will be paid upon completion of the year-end audit. The decrease is attributable to a decrease in operating profits as BMO Field hosted the FIFA U-18 World Cup and a Genesis concert in 2007.

### PROFIT & LOSS

Year over year, the operating profit before depreciation, incentives and rebates decreased from \$1.1M in 2007 to \$323K in 2008. The most significant financial impact in 2007 was the U-18 FIFA World Cup which generated a net profit of approximately \$1.4M. In 2008, BMO Field hosted two extra TFC games and had a full field and bubble rental season (versus nine months in 2007).

The Operating Profit for BMO Field for the month ending December 31, 2008 was \$37K (\$191K favourable to budget), resulting in an operating profit before depreciation, incentives & rebates for the year of \$323K (\$225K or 229% favourable). The following provides an analysis for the month and the year:

- TicketMaster Rebates were \$60K or 50% favourable for the year due to strong online tickets sales from the August 20 CSA game and the additional unbudgeted games hosted by BMO Field where tickets were available for sale at the box office and online.
- Sponsorship revenues were \$209K or 37% favourable for the year. The maximum Sponsorship amount of \$769K (as per the Team Agreement) was achieved.
- Contra Sponsorship revenues are earned as part of the Sony sponsorship contract. In exchange for certain sponsorship inventory, BMO Field receives, in lieu of cash, TV's and other capital items to be used in the facility.
- Food and Beverage revenues were even to budget in the month as a result of the holiday OSA soccer tournament. For the year, Food and Beverage revenues were \$382K or 10% favourable to budget. The favourable variance was a result of increased per caps (\$11.30 versus \$10.75 in budget) and additional volume resulting from the unbudgeted events.
- Costs of Goods Sold were \$1K higher than budget in the month as a result of higher waste during the soccer tournament and the final inventory count. For the year, Cost of

Goods were \$440K or 39% unfavourable due to increase sales and higher beer costs (\$240K). For the year, the gross margin percentage was 63.3% versus 71.1% budgeted. The unfavourable variance in margins for the year was mainly due to higher beer costs, end of season waste (\$16K) and waste due to rainy weather conditions throughout the season.

- F&B Third Party Commissions were \$55K or 28% favourable for the year due to Pinnacle taking over Group Sales and increased food and beverage sales in the suites and at the outside vendor locations.
- Event Merchandise revenues were \$50K or 74% favourable for the year. The favourable variance for the year was due to higher per caps (\$3.54 compared to \$2.00 in budget) at TFC games.
- Suites were 54K or 10% favourable for the year due to additional suite rentals at the MLS All-Star game and higher than anticipated adopt-a-suite revenues.
- TFC Usage fees were \$32K or 12% favourable for the year due to the two unbudgeted CONCACAF games held in July.
- CSA Usage fees were even for the year due to the strong ticket sales from the August 20 game which offset the four lost CSA games included in budget. BMO Field received \$111K in compensation from the CSA for the lost events (recorded below in Other Revenues).
- CRF were \$55K or 18% favourable for the year due to the two unbudgeted CONCACAF games and three unbudgeted international games.
- Other Usage Fees were \$21K or 19% favourable to budget for the month due to the bubble being booked at 95% capacity versus budget of 70%. Furthermore, field rental fees increased \$10 per hour. Other Usage Fees were \$304K or 47% favourable for the year primarily due to increased community usage (\$167K), broadcasting charges (\$137K), and three unbudgeted international games (\$45K).
- Other Revenues were \$111K positive to budget for the month as a result of a settlement with CSA on lost events. Other Revenues were \$265K favourable for the year due to the three additional international games, interest received on the operating bank account and the CSA settlement.
- Royalties expense were \$70K or 7% higher for the year due to the higher food and beverage sales and two additional TFC games.
- Full-Time Salaries were \$106K or 12% favourable for the year due to the temporary reassignment of personnel and increased personnel sharing with Ricoh Coliseum.
- Part-Time Wages were \$1K or 27% unfavourable to budget in the month due unbudgeted site manager costs. Part-Time Wages were \$249K or 26% unfavourable for the year due to additional staff required to cover new food & beverage point of sale locations intended to increase sales, additional events, an unbudgeted 8% mark-up on previous year's rates (\$104K) and a Unicco site manager (\$50K). Not including the mark-up and the site manager costs, part-time food & beverage wages were even to budget at 25% of sales.
- Supplies and Services expenses were \$28K or 32% unfavourable to budget in the month mainly due to an unanticipated late invoice from third party supplier for event staff labour (\$13K) and \$12K in security services to cover bubble rentals and soccer tournaments. Supplies and Services costs were \$548K or 44% unfavourable to budget due to higher costs associated with building & equipment maintenance (\$82K), snow removal (\$68K), installation and removal of the bubble (\$63K), OSA Commissions (\$60K), uniforms (\$53K), third party staff training (\$52K), cleaning labour & supplies (\$51K), consulting

services (\$42K) which includes Food & Beverage vendor commissions and building security (\$20K).

- Insurance was \$32K or 39% unfavourable to budget for the year as the City's insurance premiums in budget were underestimated (\$69K actual versus \$31K budgeted)
- Utilities were even to budget in the month. Utilities were \$22K or 4% favourable for the year due to savings related to lower hydro (\$50K) and water consumption (\$41K) partially offset by increase natural gas (\$69K) usage related to heating the bubble throughout the winter.
- Other Expenses were \$12K unfavourable to budget in the month due primarily to unbudgeted broadcast line charges (\$11K) which are offset by higher broadcasting revenues included in Other Revenues. For the year, Other Expenses were \$122K or 82% unfavourable due to higher than anticipated credit card charges, banking fees on large deposits from event cash deposits, accounts receivable provisions and broadcasting line charges.

### **Event Management Services**

The Event Management team worked closely with the Ontario Soccer Association (OSA) to ensure the bubble rental season continued from the strong start. The bubble was booked 799 hours of the 867 prime-time hours available (95% capacity versus budget of 70%).

### **Building Operations**

The Building Operations team worked closely with the Ontario Soccer Association to ensure the bubble was properly setup for rentals and the holiday tournament. In addition to operational functions, the building operation team created timelines for the various capital expenditure projects anticipated to be completed in time for the TFC home opener in April.

### **Food & Beverage**

The Food & Beverage team operated the winter concession stand during the four day OSA soccer tournament. In addition, a full review of procedures continued in order to identify operational efficiencies for the 2009 season. The review includes a full product mix breakdown by event/month, corporate partner initiatives and labour/scheduling analysis.

Submitted by:

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Marc Petitpas  
General Manager  
BMO Field

**BMO FIELD**  
**BALANCE SHEET**  
as at December 31, 2008

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 957,997	\$ 1,737,675
Accounts receivable	313,567	439,960
Prepaid expenses & deposits	27,650	17,087
Inventory	30,300	13,210
	<u>\$ 1,329,514</u>	<u>\$ 2,207,932</u>
Capital Assets	45,000	90,000
	<u>\$ 1,374,514</u>	<u>\$ 2,297,932</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 543,474	\$ 756,667
Taxes payable	140,231	125,688
Deferred revenue	154,518	176,952
Incentives & rebates payable	118,841	511,947
	<u>957,064</u>	<u>1,571,253</u>
Long-Term Suite Deposits	\$ 218,125	\$ 218,125
Retained Earnings	199,325	508,554
	<u>\$ 1,374,514</u>	<u>\$ 2,297,932</u>

Note:

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

**BMO Field**  
**INCOME STATEMENT**  
**For the Twelve Months Ending December 31, 2008**

	Current Month		Fiscal Year		Dec-07
	Actual	Budget	Actual	Budget	
<b>Revenues</b>					
TicketMaster Rebates	\$ -	\$ -	\$ 179,460	\$ 119,700	\$ 59,760
Club Fees	-	-	78,517	78,050	467
Sponsorship	-	-	788,750	560,000	208,750
Contra Sponsorship *	85,000	-	85,000	-	85,000
Food and Beverage	1,311	1,500	4,244,619	3,863,050	381,569
F&B Third Party Commissions	1,374	-	248,873	194,054	54,819
Event Merchandise	-	-	117,141	67,320	49,821
Suites	-	-	570,024	516,281	53,743
TFC Usage Fee	-	-	307,500	275,400	32,100
CSA Usage Fee	-	-	50,317	50,400	(83)
CRF	481	-	359,629	304,912	54,717
Other Usage Fee	130,142	109,380	946,921	642,900	304,021
Other Revenue	111,423	-	264,586	-	264,586
<b>Total Revenues</b>	<b>\$ 329,732</b>	<b>\$ 110,880</b>	<b>\$ 8,221,339</b>	<b>\$ 6,672,067</b>	<b>\$ 1,549,272</b>
<b>Expenses</b>					
Cost of Goods Sold	1,997	525	1,556,246	1,116,170	(440,076)
Royalty	-	-	1,084,097	1,014,196	(69,901)
Full-Time Salaries	55,780	62,986	753,421	858,942	105,521
Part-Time Wages	5,467	4,305	1,223,114	974,423	(248,691)
Travel and Entertainment	637	800	29,966	31,754	1,788
Supplies and Services	117,556	89,156	1,795,576	1,247,655	(547,921)
Insurance	(394)	6,750	112,958	81,000	(31,958)
Utilities	42,664	43,000	467,302	489,300	21,998
Capital Reserve	33,337	34,000	400,000	408,000	8,000
Management Fee	17,083	17,000	205,000	204,000	(1,000)
Other	18,192	6,400	270,974	148,737	(122,237)
<b>Total Operating Expenses</b>	<b>\$ 292,319</b>	<b>\$ 264,922</b>	<b>\$ 7,898,656</b>	<b>\$ 6,574,177</b>	<b>\$ (1,324,479)</b>
<b>Operating Profit/(Loss) before Depreciation, Incentives &amp; Rebates</b>	<b>\$ 37,413</b>	<b>\$ (154,042)</b>	<b>\$ 322,683</b>	<b>\$ 97,890</b>	<b>\$ 224,793</b>
Depreciation Expense *	(45,000)	-	(45,000)	-	(45,000)
<b>Operating Profit/(Loss) before Incentives &amp; Rebates</b>	<b>\$ (7,587)</b>	<b>\$ (154,042)</b>	<b>\$ 277,683</b>	<b>\$ 97,890</b>	<b>\$ 179,793</b>
Incentives & Rebates	(118,841)	-	(118,841)	(48,945)	(69,896)
<b>Net Operating Profit/(Loss)</b>	<b>\$ (126,428)</b>	<b>\$ (154,042)</b>	<b>\$ 158,841</b>	<b>\$ 48,945</b>	<b>\$ 109,896</b>
Adjust for Non-Cash Items					
Contra Sponsorship			(85,000)	-	(85,000)
Depreciation			45,000	-	45,000
<b>Cash Available for Distribution to the Board of Governors of EX Place</b>			<b>\$ 118,841</b>	<b>\$ 48,945</b>	<b>\$ 69,896</b>

\* The following items are non-cash and are excluded from the Incentive, Rebates and Excess Cash Distribution calculations.

**BMO FIELD**  
**STATEMENT OF CASH FLOWS**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Twelve months ended	
	December 31, 2008	December 31, 2007
OPERATING	\$ (311,608)	\$ 1,654,550
INVESTING	-	(135,000)
FINANCING	(468,070)	218,125
<b>Net Cash Inflow (Outflow) during the period</b>	<b>\$ (779,678)</b>	<b>\$ 1,737,675</b>
<b>Cash, beginning of period</b>	<b>1,737,675</b>	-
<b>Cash, end of period</b>	<b>\$ 957,997</b>	<b>\$ 1,737,675</b>
 <b>OPERATING</b>		
Operating profit after incentives and rebates	\$ 158,841	\$ 508,554
Amortization of capital assets	45,000	45,000
Cash from (invested in) non cash working capital items	(515,449)	1,100,996
	<b>\$ (311,608)</b>	<b>\$ 1,654,550</b>
 <b>INVESTING</b>		
Acquisition of capital assets	\$ -	\$ (135,000)
	<b>\$ -</b>	<b>\$ (135,000)</b>
 <b>FINANCING</b>		
Long-term deposits	\$ -	\$ 218,125
Distribution of excess cash to owner	(468,070)	-
	<b>\$ (468,070)</b>	<b>\$ 218,125</b>
 Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ 126,393	\$ (439,960)
Prepaid expenses	(10,563)	(17,087)
Inventory	(17,090)	(13,210)
Accounts payable and accrued liabilities	(213,193)	756,667
Incentives & rebates payable	(393,106)	511,947
Taxes payable/recoverable	14,543	125,688
Deferred revenue	(22,434)	176,952
<b>Cash from (invested in) non cash working capital items</b>	<b>\$ (515,449)</b>	<b>\$ 1,100,996</b>