

8



Management Report
for
The Board of Governors of Exhibition Place
October 2010

Executive Summary

000's	OCTOBER 2010			YTD (10 Months)			
	Actual	Plan	Variance	Actual	Plan	Variance	2009
Revenues	\$ 556	\$ 539	\$ 17	\$ 7,166	\$ 7,527	\$ (361)	\$ 7,870
Expenses	\$ (475)	\$ (512)	\$ 37	\$ (6,216)	\$ (6,832)	\$ 616	\$ (6,825)
EBITDA	\$ 81	\$ 27	\$ 54	\$ 950	\$ 695	\$ 255	\$ 1,045

- For the month ending October 31, 2010, the operating profit before depreciation for BMO Field was \$81K (\$54K favourable to budget).
- Total revenues of \$556K for the month were \$17K positive to budget mainly due to hosting one additional TFC game.
- Total operating expenses of \$475K for the month were \$37K favourable to budget mainly due to not hosting one budgeted CSA game, partially offset by hosting an additional TFC CONCACAF game. Expenses were lower in the month due to Full-time Salaries (\$11K), Part-time Wages (\$10K), Supplies & Services (\$9K), and Utilities (\$5K), partially offset by higher Cost of Goods Sold (\$7K).
- The Toronto Nationals Lacrosse Club opted not to play their 2010 home games at BMO Field. Included in the annual budget were six lacrosse games. The negative EBITDA impact to the budget for the year was \$150K.
- As per the LOI, six CSA games were included in the budget; however, the CSA has only hosted two games in 2010. The CSA will fail to deliver the remaining four games this year. MLSE's management team is negotiating financial compensation for the shortfall.
- BMO Field is projecting to achieve its 2010 EBITDA target of \$400K, as the five unbudgeted TFC games (four CONCACAF matches scheduled July to October and the MLS Cup in November) and operational savings will offset the losses from not hosting the six MLL games and four CSA games as budgeted.

Events hosted by BMO Field:

	OCTOBER 2010			YTD (10 Months)			
	Actual	Plan	Variance	Actual	Plan	Variance	2009
<i>TFC Games (MLS, Friendly & CONCACAF)</i>	2	1	1	22	18	4	20
<i>CSA Games</i>	-	1	(1)	2	6	(4)	1
<i>International Games</i>	-	-	-	1	4	(3)	2
<i>Toronto Nationals (MLL)</i>	-	-	-	-	6	(6)	6
<i>Other Events</i>	-	-	-	1	-	1	3
TOTAL	2	2	-	26	34	(8)	32
<i>Rental (hours)</i>	-	60	(60)	79	2,347	(2,268)	3,166

October 2010 Financials

BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$2.2M decreased by \$161K from October 31, 2009. The decrease was mainly due to payment of the incentives, rebates and excess cash of \$756K for the 2009 season, partially offset by cash from operations before incentives, rebates and excess cash distributions of \$571K.
- Accounts Receivable of \$1.2M was made up primarily of sponsorship revenue of \$791K to be collected at the end of the season, September and October TFC game settlements of \$323K to be collected in November, October Pinnacle settlement of \$14K, and Ticketmaster rebates and advances of \$8K. BMO Field continues to monitor receivables and no collection issues are anticipated.
- Accounts Payable and Accrued Liabilities of \$2.4M includes \$978K in current payables and accruals, \$566K payable to MLSE for its share of 2010 Suite and Club Seats revenue (payable at the end of the season), \$473K payable to the CSA for events held at BMO Field in 2009 and 2010, and \$268K payable to MLSE for shared cost recoveries and Ticketmaster advances.
- Deferred Revenue of \$23K was made up of 2010 MLS Cup nightly suite rental revenue which will be recognized in November.

PROFIT & LOSS

EBITDA for BMO Field for the month ending October 31, 2010 was \$81K (\$54K favourable to budget). The following provides an analysis of the significant variances in the month:

Revenues

- Ticketmaster Rebates were \$8K unfavourable to budget in the month mainly due to not hosting one budgeted CSA game (\$14K), partially offset by higher rebates from the additional TFC CONCACAF game (\$3K) and higher rebates from the one budgeted TFC game (\$3K) as a result of the added seats in the north-end which resulted in additional tickets made available for sale on the Ticketmaster system. Year to date, Ticketmaster Rebates were \$6K negative to budget due to loss of events (4-CSA, 3-International and 6-MLL), partially offset by unbudgeted TFC games and more tickets available for sale through Ticketmaster.
- Food and Beverage revenues were \$12K favourable to budget in the month mainly due to hosting one unbudgeted TFC CONCACAF game (\$66K), partially offset by not hosting the budgeted CSA game (\$36K) and lower F&B sales from the one budgeted TFC MLS game (\$20K) in the month due to lower attendance. Year to date, Food and Beverage revenues were \$93K negative to budget mainly due to 1) poor weather resulting in lower attendance at TFC games early in the year which has resulted in lower sales and 2) lost events.
- Cost of Goods Sold was \$7K unfavourable to budget in the month as a result of higher food and beverage sales from hosting the unbudgeted TFC CONCACAF game. For the month, the gross margin percentage was 61.1% versus 62.2% budgeted. Year to date, Costs of Goods Sold were \$9K negative to budget and gross margin percentage was 63.1% versus 64.2% budgeted.

- Event Merchandise commissions were \$3K (year to date, \$34K) unfavourable to budget mainly due to lower per cap from TFC games (\$2.21 actual versus \$3.71 budgeted) and lost events partially offset by the additional TFC games.
- Suites were \$13K favourable to budget for the period mainly due to nightly rentals of \$9K at the additional CONCACAF game, and new suite rental (\$6K), partially offset by lower adopt-a-suite revenue (\$2K). Year to date, Suites were \$67K positive to budget due to an increase in nightly rentals as a result of the terminated suite agreement resulting in inventory to rent, a new suiteholder (the number of suites available for sale increased to 28 from 27) and nightly rentals from additional TFC CONCACAF games.
- TFC Usage Fees were \$16K favourable (year to date, \$58K) mainly due to hosting additional unbudgeted TFC CONCACAF games.
- CSA Usage Fees were \$13K unfavourable due to not hosting the budgeted CSA game. Year to date, CSA Usage Fees were \$58K negative to budget as a result of not hosting CSA games at BMO Field as budgeted.
- CRF revenues were \$7K favourable to budget in the month mainly due to higher revenues from the additional TFC game and higher ticket sales from the TFC game in the period. Year to date, CRF revenues were \$43K positive to budget as a result of higher average number of tickets sold per TFC game (20,527 actual versus 17,500 budgeted) due to the addition of the north-end grandstands, and from unbudgeted games, offset by the loss of CSA and International games.
- Other Usage Fees were \$5K unfavourable to budget in the month due to lower field rental revenue (\$9K) as a result of field maintenance, which restricted use of the field. The lower revenues were partially offset by higher broadcast revenue (\$3K). Year to date, Other Usage Fees were \$325K negative to budget due to the bubble relocation partially offset by bubble compensation of \$75K and higher broadcast revenue of \$43K. Lost bubble revenues are offset by saving in supplies and services and utilities.

Expenses

- Royalties were \$2K favourable to budget in the month mainly due to not hosting one CSA game partially offset by the TFC CONCACAF game. Year to date, Royalties were \$8K positive as a result of lower food and beverage sales at TFC games and the loss of the CSA games (\$30K) and MLL games (\$20K).
- Full-time Salaries were \$11K favourable (year to date, \$93K) due to a revised organizational structure.
- Part-time Wages were \$10K favourable to budget in the month mainly due to lower event labour costs partially offset by the additional TFC CONCACAF game. Year to date, Part-time Wages were \$113K positive to budget as a result of lower event costs (\$106K) partially offset by hosting additional games and higher non-event warehouse labour cost (\$63K) for season opening and event setup.
- Supplies and Services expenses were \$9K favourable to budget in the month mainly due to operational savings from contract labour (\$7K). Year to date, Supplies and Services were \$309K positive to budget mainly due lower OSA commission (\$62K), cleaning labour and consumables (\$60K), staff training (\$26K), winterization (\$25K), part-time building operations labour (\$20K), security (\$18K), armoured car service (\$16K), and snow removal (\$11K), as a result of relocating the bubble. Year to date, savings as a result of not having the bubble were approximately \$100K.

- Utilities were \$5K favourable to budget in the month mainly due to lower gas costs (\$4K). Year to date, Utilities were \$98K positive to budget due to lower gas (\$68K) and hydro (\$28K) usage due primarily to the bubble relocation.
- Other Expenses were \$10K favourable to budget in the month due primarily to recovery of miscellaneous expenses (\$6K) and lower telephone costs (\$3K) from not adding additional lines for broadcast. Year to date, Other Expenses were \$13K negative to budget mainly due to higher telephone costs (\$21K), credit card charges (\$9K), and foreign exchange (\$5K), partially offset by lower F&B copy & printing costs (\$9K).

Food & Beverage

The two TFC games in the month generated total Food and Beverage revenues of \$243K versus budget of \$230K.

The overall average Food and Beverage per caps for the month were \$13.09 (year to date, \$13.67) including Pinnacle and Outside Contractors. BMO Field Quick Serve per caps were \$10.22 in the month (year to date, \$10.82).

Submitted by:



Peter Church
General Manager
BMO Field

BMO FIELD
BALANCE SHEET
as at October 31, 2010

	<u>October 31, 2010</u>	<u>October 31, 2009</u>	<u>December 31, 2009</u>
ASSETS			
Current Assets			
Cash	\$ 2,187,133	\$ 2,347,651	\$ 1,827,610
Accounts receivable	1,236,971	1,119,861	295,175
Taxes recoverable	72,356	-	-
Prepaid expenses & deposits	60,578	50,925	16,970
Inventory	106,040	34,994	39,024
	<u>3,663,078</u>	<u>3,553,431</u>	<u>2,178,779</u>
Capital Assets	46,668	45,000	80,000
	<u>\$ 3,709,745</u>	<u>\$ 3,598,431</u>	<u>\$ 2,258,779</u>
LIABILITIES AND RETAINED EARNINGS			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 2,438,471	\$ 2,217,340	\$ 1,105,665
Taxes payable	-	25,320	109,768
Deferred revenue	22,655	12,020	8,215
Incentives & rebates payable	208,910	250,000	387,020
	<u>2,670,036</u>	<u>2,504,680</u>	<u>1,610,669</u>
Long-Term Suite Deposits	243,159	218,125	190,000
Retained Earnings	796,551	875,626	458,110
	<u>\$ 3,709,745</u>	<u>\$ 3,598,431</u>	<u>\$ 2,258,779</u>
Opening Retained Earnings	\$ 458,110	\$ 199,325	\$ 199,325
Operating Profit	716,551	795,142	377,868
Distribution of Excess Cash	(378,110)	(118,841)	(119,083)
Closing Retained Earnings	<u>\$ 796,551</u>	<u>\$ 875,626</u>	<u>\$ 458,110</u>

BMO FIELD
INCOME STATEMENT
For the Ten Months Ending October 31, 2010

	October 2010			YTD			2009
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	
Revenues							
Ticket/Master Rebates	\$ 7,097	\$ 15,190	\$ (8,093)	\$ 191,300	\$ 197,100	\$ (5,800)	\$ 287,815
Club Fees	11,048	11,273	(225)	77,335	78,913	(1,578)	78,913
Sponsorship	113,136	115,381	(2,245)	791,952	807,668	(15,716)	789,583
Food and Beverage	228,932	216,572	12,359	4,010,583	4,103,656	(93,073)	4,181,229
F&B Third Party Commissions	13,975	13,208	767	231,191	230,256	935	231,673
Event Merchandise	3,453	6,923	(3,470)	71,170	104,751	(33,580)	92,408
Suites	99,027	85,919	13,107	687,265	620,484	66,781	557,449
TFC Usage Fee	31,680	16,153	15,527	348,480	290,760	57,720	328,065
CSA Usage Fee	-	12,667	(12,667)	18,493	76,000	(57,507)	8,910
CRF	26,921	19,940	6,981	391,808	348,996	42,812	419,249
Other Usage Fee	10,325	15,650	(5,325)	273,698	598,555	(324,857)	719,118
Other Revenue	10,035	10,000	35	73,065	70,000	3,065	175,376
Total Revenues	\$ 555,629	\$ 538,878	\$ 16,751	\$ 7,166,339	\$ 7,527,139	\$ (360,800)	\$ 7,869,989
Expenses							
Cost of Goods Sold	89,050	81,824	(7,226)	1,478,092	1,468,628	(9,464)	1,586,168
Royalty	59,141	60,856	1,715	1,025,290	1,033,767	8,477	1,056,517
Full-Time Salaries	46,724	58,157	11,432	577,452	670,491	93,039	622,187
Part-Time Wages	77,390	87,228	9,838	1,032,767	1,145,934	113,168	980,090
Benefits	11,741	9,744	(1,997)	106,089	113,442	7,353	113,968
Travel and Entertainment	793	1,170	377	9,252	18,117	8,865	9,960
Supplies and Services	87,045	95,594	8,549	826,086	1,134,647	308,561	1,269,036
Insurance	11,440	11,003	(437)	111,721	110,028	(1,693)	95,054
Utilities	34,973	40,000	5,027	333,522	431,400	97,878	375,841
Capital Reserve	33,333	33,333	0	333,330	333,333	3	333,330
Management Fee	17,600	17,948	348	176,000	179,482	3,482	175,463
Other	5,700	15,810	10,111	206,855	193,362	(13,493)	207,233
Total Operating Expenses	\$ 474,930	\$ 512,667	\$ 37,737	\$ 6,216,456	\$ 6,832,632	\$ 616,176	\$ 6,824,846
Operating profit before Depreciation, Incentives & Rebates	\$ 80,699	\$ 26,211	\$ 54,488	\$ 949,883	\$ 694,507	\$ 255,376	\$ 1,045,142
Depreciation	(3,333)	(3,333)		(33,332)	(33,330)	(2)	-
Net Operating Profit after Depreciation, before Incentives & Rebates	\$ 77,366	\$ 22,878	\$ 54,488	\$ 916,551	\$ 661,177	\$ 255,374	\$ 1,045,142
2010 Incentives & Rebates	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(250,000)
Net Operating Profit after Incentives & Rebates	\$ (122,634)	\$ 22,878	\$ (145,512)	\$ 716,551	\$ 661,177	\$ 55,374	\$ 795,142
Food & Beverage Gross Margin %	61.1%	62.2%		63.1%	64.2%		62.1%

**BMO FIELD
STATEMENT OF CASH FLOWS**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Ten months ended	
	October 31, 2010	October 31, 2009
OPERATING	\$ 684,475	\$ 1,508,496
FINANCING	(324,952)	(118,841)
Net Cash Inflow (Outflow) during the period	\$ 359,523	\$ 1,389,654
Cash, beginning of period	1,827,610	957,997
Cash, end of period	\$ 2,187,133	\$ 2,347,651
OPERATING		
Operating profit after incentives and rebates	\$ 716,551	\$ 795,142
Amortization of capital assets	33,332	-
Cash provided by (used in) non cash working capital items	(65,408)	713,353
	\$ 684,475	\$ 1,508,496
FINANCING		
Long-term deposits	\$ 53,159	\$ -
Distribution of excess cash to owner	(378,110)	(118,841)
	\$ (324,952)	\$ (118,841)
Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ (941,796)	\$ (868,575)
Prepaid expenses	(43,608)	(23,275)
Inventory	(67,017)	(4,694)
Accounts payable and accrued liabilities	1,332,806	1,736,148
Incentives & rebates payable	(178,110)	131,159
Taxes payable	(182,124)	(114,911)
Deferred revenue	14,440	(142,498)
Cash provided by (used in) operating activities	\$ (65,408)	\$ 713,353