

*The Board of Governors on September 11, 2009 received this report for INFORMATION.*



Management Report  
for  
The Board of Governors of Exhibition Place  
July 2009

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## Executive Summary

000's	JULY 2009			YTD (7 Months)			2008
	Actual	Plan	Variance	Actual	Plan	Variance	Actual
<b>Revenues</b>	\$ 871	\$ 843	\$ 28	\$ 5,335	\$ 5,343	\$ (8)	\$ 5,311
<b>Expenses</b>	\$ (660)	\$ (758)	\$ 98	\$ (4,906)	\$ (5,075)	\$ 169	\$ (5,177)
<b>EBITDA</b>	\$ 211	\$ 85	\$ 126	\$ 429	\$ 268	\$ 161	\$ 134

- For the month ending July 31, 2009, the operating profit for BMO Field was \$211K (\$126K favourable to budget). Year to date, the operating profit was \$429K which was \$161K or 60% favourable to budget.
- Total revenues of \$871K for the month were \$28K or 3% favourable to budget due primarily to hosting one additional TFC game as a result of TFC winning the Canadian Nutralite Championship partially offset by lost sales due to an alcohol suspension for the July 18<sup>th</sup> TFC game. Year to date, total revenues were \$8K unfavourable to budget mainly due to lower food and beverage per caps (\$10.43 actual versus \$12.01 in budget for TFC games), lower than anticipated bubble rental revenues and the shortened bubble rental season partially offset by the four lacrosse games and two additional TFC games.
- Total operating expenses of \$660K for the period were \$98K or 13% favourable to budget for the month. The lower expenses were mainly due to lower part-time wages (\$56K) and cost of goods (\$44K). Year to date, operating expenses were \$169K or 3% favourable primarily due to lower part-time wages (\$80K), supplies & services (\$55K), utilities (\$40K), and royalties (\$15K).
- At this time, it would appear that CSA will not meet their obligation of hosting six games at BMO Field as per the LOI. BMO Field's management team is currently negotiating a financial compensation settlement to mitigate the loss of the CSA events.
- The addition of two TFC games (CONCACAF game in July & Real Madrid Friendly in August), the six unbudgeted lacrosse games and operational savings are anticipated to offset some of the challenges encountered in 2009. The operational teams continue to look for efficiencies and cost savings to offset other potential risks such as the number of non-TFC events and weather, which has an unfavourable impact on food and beverage sales.

Events hosted by BMO Field:

	JULY 2009			YTD (7 Months)			2008
	Actual	Plan	Variance	Actual	Plan	Variance	Actual
<b>TFC Games (MLS, Friendly &amp; CONCACAF)</b>	3	2	1	15	13	2	14
<b>CSA Games</b>	-	-	-	1	2	(1)	1
<b>International Games</b>	-	-	-	1	2	(1)	2
<b>Toronto Nationals (MLL)</b>	1	-	1	5	-	5	
<b>Other Events</b>	-	-	-	1	-	1	
<b>TOTAL</b>	4	2	2	23	17	6	17
<b>Rental (hours)</b>	79	136	(57)	2,976	4,052	(1,076)	3,000

## June 2009 Financials

### BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$2.6M increased by \$603K from July 31, 2008 due primarily to cash from operations before incentives, rebates and excess cash distributions of \$647K.
- Accounts Receivable of \$1.1M is made up primarily of TFC settlements (\$450K) of which \$145K was received in August, Sponsorship receivables (\$450K) due at the end of the season, Pinnacle settlements (\$65K), Ticketmaster advances (\$23K) received in August, and bubble rental receivables (\$46K). A provision of \$33K was recorded against amounts outstanding. BMO Field is currently monitoring receivables and, other than the items provided for, no collection issues are anticipated.
- Accounts Payable and Accrued Liabilities of \$2.7M includes \$315K payable to MLSE for TFC ticket revenue, \$1.3M to MLSE for shared cost recoveries and MLSE's share of suite revenue (payable at the end of the season), current accounts payable of \$686K and an advance of \$10K from the Toronto Nationals.
- Incentives & rebates of \$119K will be paid out upon final sign off on Ex Place's financial statements by their auditors.

### PROFIT & LOSS

The Operating Profit for BMO Field for the month ending July 31, 2009 was \$211K (\$126K or 149%) favourable to budget. The following provides an analysis of the significant variances:

- Ticketmaster rebates were \$19K favourable to budget in the month as a result of the additional TFC CONCACAF game (\$16K). Year to date, Ticketmaster rebates were \$30K or 22% unfavourable to budget due the hosting two less games than budgeted (one CSA and one International) partially offset by the two additional TFC games in the period and five lacrosse games.
- Food and Beverage revenues were \$40K or 8% unfavourable to budget in the month as a result of the July 18<sup>th</sup> Alcohol sales licence suspension (\$140K) offset by the additional CONCACAF and lacrosse games. Year to date, food and beverage sales were \$88K negative to budget primarily due to rainy conditions resulting in lower than budgeted food and beverage per caps (\$10.43 versus plan of \$12.01) at TFC games, the loss of two games (one CSA and one International game, \$100K budgeted), and the July 18<sup>th</sup> Alcohol suspension partially offset by the two additional TFC games (\$357K or \$10.88 per cap) and five lacrosse games (\$73K or \$10.93 per cap).
- Costs of Goods Sold were \$44K favourable to budget in the month, primarily due to the July 18<sup>th</sup> Alcohol suspension offset by the additional CONCACAF game. The gross margin percentage was 71.3% versus a 64.6% budget. The favourable variance in the month was due to a reversal of an inventory count true-up from the prior month. Year to date, the gross margin was 63.3% versus the 64.6% budget.
- Third Party Commissions were \$4K or 14% favourable to budget for the month due to an additional CONCACAF game and lacrosse game. Year to date, third party commissions were \$3K or 2% positive to budget due the additional TFC games offset by lower per caps for TFC games (\$.80 Actual versus \$1.08 budgeted) and two events lost (one CSA and one International).

- Merchandise Commissions were \$4K or 28% unfavourable to budget for the month (\$28K or 30% year to date) due to lower per caps (\$2.74 Actual versus \$4.21 Budget) at TFC games.
- TFC Usage fee was \$16K favourable to budget in the month (\$32K or 16% year to date) due to hosting additional TFC games.
- CRF revenues were \$23K favourable to budget in the period primarily due to an additional CONCACAF game (\$17K) and lacrosse games (\$2K). Year to date, CRF revenues were \$57K or 25% positive to budget as a result of higher number of tickets sold for TFC games (20,305 actual versus 18,000 budgeted) and five lacrosse games.
- Other Usage was \$10K or 31% favourable to budget due to higher broadcast revenues (\$17K) offset by lower rental revenue (\$7K) as a result less available field time. Year to date, Other Usage Fees were \$11K negative to budget due to overestimated non-primetime rental revenues (\$9K) and shortened bubble season (\$49K) partially offset by higher broadcast line revenues (\$47K).
- Other revenues were \$6K unfavourable to budget for the month primarily due to anticipated ticket stock recovery (\$14K) not occurring (offset by \$14K savings in office supplies), interest income (\$2K) and June staff parking (\$3K) paid in July, partially offset by \$10K in additional marketing sponsorship and \$5K from hosting the unbudgeted Major League Lacrosse (MLL) game. Year to date, other revenues were \$63K positive to budget primarily due additional marketing revenues (\$40K), rent from five MLL games (\$25K) and higher rent (\$18K) from the June 25<sup>th</sup> international game where ticket prices were higher than budgeted, partially offset by zero interest income on the operating account.
- Royalties were even to budget in the month, due to no alcohol sales from July 18<sup>th</sup> event offset by additional CONCACAF game. Year to date, royalties were \$15K or 2% favourable to budget due to lower food and beverage sales offset by the two additional TFC games.
- Full-time salaries were \$5K or 8% unfavourable to budget (even year to date) in the month, due to additional staff required as a result of taking event staff in-house.
- Part-time Wages were \$56K or 37% favourable to budget in the month mainly due to lower labour cost from the July 18<sup>th</sup> game and savings from new labour agreement, partially offset by additional labour costs for the two additional events in the month. Year to date, part-time wages were \$80K or 10% positive to budget as a result of savings from the new part-time labour agreement and operational efficiencies. This savings are partially offset by the additional events and training costs which was budgeted under supplies and services.
- Supplies and Services were \$12K or 9% favourable to budget in the month primarily due to lower ticket office supplies cost (\$14K) for ticket stock. Year to date, supplies and services were \$55K or 5% positive to budget due to training costs which were recorded in part-time labour (\$86K) and lower OSA commissions (\$33K) as per the newly negotiated rate; this was partially offset by higher uniform costs (\$41K) to outfit the new staff, unanticipated equipment repairs (\$32K) and recruitment costs (\$24K).
- On a year-to-date basis, the net impact of bringing labour in house (including additional recruitment costs and uniform costs) has resulted in labour costs being favourable to budget by approximately \$54K. Additional savings are anticipated as the season progresses due to lower event labour costs.
- Utilities were \$2K or 6% favourable to budget for the month due to lower gas usage in the month. Year to date, utilities were \$40K or 12% positive to budget due to lower than anticipated gas usage (\$31K) and lower hydro usage (\$12K) due to an overaccrual for December 2008 usage.
- Other Expenses were \$10K or 56% unfavourable to budget in the month due to higher telephone expenses (\$5K) and foreign exchange expense (\$6K) as a result of higher CAD. Year to date, other expenses were \$4K or 3% unfavourable to budget due primarily higher bank charges (\$6K), credit card charges (\$3K) offset by savings from cost reduction plan.

## **Event Management Services**

BMO Field hosted four events in July – two regular season Toronto FC matches, a CONCACAF 2<sup>nd</sup> round qualifier match, and one Major League Lacrosse game. On the July 18<sup>th</sup> Toronto FC game, BMO Field served a suspension for alcohol infractions from the AGCO. Security was adjusted accordingly to ensure that the event ran without incident.

The Ontario Soccer Association booked BMO Field at 55% in July. The prime time community rentals booked by the OSA totalled 75 of a possible 136 available hours. The rental hours booked were fewer than those available due to a number of major factors; a lacrosse game and set-up day, the Honda Indy, and the last full week in July due to the bleacher set up, CONCACAF qualifier, and preparations for the installation of the grass for the August Toronto FC friendly.

## **Building Operations**

The building ops team focused their efforts on conversions between soccer and lacrosse as well preparing tenders for the preparations for the Real Madrid game on August 7<sup>th</sup>. The main part of the building preparations included the addition bleacher seating in the North Patio which would accommodate approximately 1,000 additional fans. The bleacher seats were installed for a three game set starting with the July 29<sup>th</sup> CONCACAF qualifier and concluding with the Real Madrid international Friendly.

## **Food & Beverage**

The focus for F&B for the month was the alcohol suspension for the July 18<sup>th</sup> TFC game which resulted in a 40% drop in sales for the game. Sales were up in the concessions department and the outside contractors had a record day but those results fell short of making up the lost sales from alcohol. To accommodate the added bleacher seats, the Carlsberg Patio was successfully moved outside the building with a Temporary Extension from the AGCO. Though it did not have the atmosphere of the regular patio, sales slightly exceeded those of a regular game on the patio, by approximately 8.5% as a result of an added POS.

Submitted by:

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Vince Bozzo  
General Manager  
BMO Field

**BMO FIELD**  
**BALANCE SHEET**  
as at July 31, 2009

	<u>July 31, 2009</u>	<u>July 31, 2008</u>	<u>December 31, 2008</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 2,606,395	\$ 2,003,461	\$ 957,997
Accounts receivable	1,061,192	1,877,728	251,285
Taxes recoverable	-	-	-
Prepaid expenses & deposits	109,348	34,871	27,650
Inventory	267,140	172,957	30,300
	<u>4,044,075</u>	<u>4,089,016</u>	<u>1,267,232</u>
 Capital Assets	 45,000	 90,000	 45,000
	<u>\$ 4,089,075</u>	<u>\$ 4,179,016</u>	<u>\$ 1,312,232</u>
 <b>LIABILITIES AND RETAINED EARNINGS</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 2,746,532	\$ 3,329,893	\$ 481,192
Taxes payable	67,576	97,090	140,231
Deferred revenue	309,512	315,088	154,518
Incentives & rebates payable	118,841	43,877	118,841
	<u>3,242,462</u>	<u>3,785,947</u>	<u>894,782</u>
 Long-Term Suite Deposits	 218,125	 218,125	 218,125
 Retained Earnings (Deficit)	 628,488	 174,944	 199,325
	<u>\$ 4,089,075</u>	<u>\$ 4,179,016</u>	<u>\$ 1,312,232</u>
 Opening Retained Earnings (Deficit)	 \$ 199,325	 \$ 508,554	 \$ 508,554
Operating Profit (Loss) after incentives and rebates	429,163	134,460	158,841
Distribution of Excess Cash	-	(468,070)	(468,070)
Closing Retained Earnings (Deficit)	<u>\$ 628,488</u>	<u>\$ 174,944</u>	<u>\$ 199,325</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 Seven Months Ending July 31, 2009**

	JULY 2009			YTD (7 Months)			YTD
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	2008
<b>Revenues</b>							
TicketMaster Rebates	\$ 23,304	\$ 4,315	\$ 18,989	\$ 106,301	\$ 135,935	\$ (29,634)	\$ 109,701
Club Fees	11,273	10,658	615	45,093	42,635	2,458	44,542
Sponsorship	112,798	112,567	231	451,190	450,268	922	439,286
Food and Beverage	445,903	485,803	(39,900)	2,944,298	3,032,718	(88,420)	3,003,028
F&B Third Party Commissions	28,361	24,847	3,514	148,920	146,417	2,503	172,457
Event Merchandise	10,909	15,048	(4,139)	66,347	94,212	(27,865)	84,959
Suites	83,276	77,277	5,999	317,865	313,684	4,181	322,706
TFC Usage Fee	47,370	31,519	15,851	237,311	204,873	32,438	215,250
CSA Usage Fee	-	-	-	8,910	23,500	(14,590)	15,447
CRF	53,533	30,960	22,573	283,689	226,240	57,449	231,704
Other Usage Fee	43,829	33,555	10,274	631,701	642,570	(10,869)	614,064
Other Revenue	10,692	16,333	(5,641)	93,668	30,333	63,335	57,823
<b>Total Revenues</b>	<b>\$ 871,249</b>	<b>\$ 842,882</b>	<b>\$ 28,367</b>	<b>\$ 5,335,293</b>	<b>\$ 5,343,385</b>	<b>\$ (8,092)</b>	<b>\$ 5,310,968</b>
<b>Expenses</b>							
Cost of Goods Sold	127,987	171,756	43,769	1,081,630	1,073,962	(7,668)	1,162,187
Royalty	116,482	116,102	(380)	735,539	750,577	15,038	770,240
Full-Time Salaries	68,310	63,175	(5,135)	414,609	414,097	(512)	395,807
Part-Time Wages	95,570	151,141	55,571	726,654	807,001	80,347	763,298
Benefits	11,759	10,648	(1,111)	82,376	69,472	(12,904)	64,444
Travel and Entertainment	(1,352)	1,890	3,242	5,358	18,325	12,967	14,148
Supplies and Services	118,097	130,311	12,214	991,495	1,046,673	55,178	1,136,233
Insurance	9,956	7,909	(2,047)	65,186	55,363	(9,823)	71,078
Utilities	33,252	35,400	2,148	296,678	337,000	40,322	297,058
Capital Reserve	33,333	33,333	-	233,331	233,331	-	233,331
Management Fee	17,546	17,510	(36)	122,824	122,575	(249)	119,583
Other	29,375	18,885	(10,490)	150,450	146,615	(3,835)	149,100
<b>Total Operating Expenses</b>	<b>\$ 660,314</b>	<b>\$ 758,060</b>	<b>\$ 97,746</b>	<b>\$ 4,906,130</b>	<b>\$ 5,074,991</b>	<b>\$ 168,861</b>	<b>\$ 5,176,508</b>
<b>Net Operating Profit (Loss)</b>	<b>\$ 210,934</b>	<b>\$ 84,822</b>	<b>\$ 126,112</b>	<b>\$ 429,163</b>	<b>\$ 268,394</b>	<b>\$ 160,769</b>	<b>\$ 134,460</b>
<b>Food and Beverage Gross Margin %</b>	<b>71.3%</b>	<b>64.6%</b>		<b>63.3%</b>	<b>64.6%</b>		<b>61.3%</b>

**BMO FIELD  
STATEMENT OF CASH FLOWS**

<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>	<b>Seven months ended</b>	
	<b>July 31, 2009</b>	<b>July 31, 2008</b>
<b>OPERATING</b>	<b>\$ 1,648,397</b>	<b>\$ 733,855</b>
<b>Net Cash Inflow (Outflow) during the period</b>	<b>\$ 1,648,397</b>	<b>\$ 265,785</b>
<b>Cash, beginning of period</b>	<b>957,997</b>	<b>1,737,675</b>
<b>Cash, end of period</b>	<b>\$ 2,606,394</b>	<b>\$ 2,003,460</b>
<b>OPERATING</b>		
Operating profit after incentives and rebates	\$ 429,163	\$ 134,460
Cash provided by (used in) non cash working capital item	1,219,234	599,395
	<b>\$ 1,648,397</b>	<b>\$ 733,855</b>
<b>FINANCING</b>		
Distribution of excess cash to owner	-	(468,070)
	<b>\$ -</b>	<b>\$ (468,070)</b>
Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ (809,907)	\$ (1,437,768)
Prepaid expenses	(81,698)	(17,784)
Inventory	(236,840)	(159,747)
Accounts payable and accrued liabilities	2,265,340	2,573,227
Incentives & rebates payable	-	(468,070)
Taxes payable/recoverable	(72,655)	(28,598)
Deferred revenue	154,994	138,136
<b>Cash provided by (used in ) operating activities</b>	<b>\$ 1,219,234</b>	<b>\$ 599,395</b>