

Item No. 3



Management Report
for
The Board of Governors of Exhibition Place
August 2013

Executive Summary

\$ 000's	Month			YTD			2012
	Actual	Budget	Variance	Actual	Budget	Variance	
Revenues	1,188	1,196	(8)	5,904	6,339	(435)	6,219
Expenses	(673)	(818)	145	(4,861)	(5,847)	986	(5,440)
Operating Profit / (Loss)	515	378	137	1,043	492	551	779

- For the month ending August 31, 2013, the Operating Profit before Depreciation, Incentives and Rebates for BMO Field of \$515K was \$137K favourable to budget.
- Total revenues of \$1.2M for the month were \$8K unfavourable to budget mainly due to lower food and beverage revenue (\$25K), CSA usage fees (\$15K) and other usage fees (\$13K) partially offset by higher other ancillary revenue (\$24K) and TFC usage fees (\$17K).
- Total operating expenses of \$673K for the month were \$145K favourable to budget mainly due to timing of expenses in supplies and services (\$94K) and savings in part time wages (\$25K), full time salaries (\$19K), suite royalties (\$16K) and cost of goods sold (\$15K). These savings were partially offset by higher utilities (\$18K) and food and beverage royalties (\$12K).

Events hosted by BMO Field:

	Month			YTD			2012
	Actual	Plan	Variance	Actual	Plan	Variance	Actual
TFC Games (MLS, Friendlies & CONCACAF)	2	2	-	13	15	(2)	18
CSA Games	-	1	(1)	1	2	(1)	2
International Games	2	1	1	4	2	2	1
TOTAL	4	4	-	18	19	(1)	21
Field Rental Hours	8	18	(10)	44	108	(64)	42

August 2013 Financials

BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$3.9M increased by \$1.0M from August 31, 2012 due to cash from operations of \$1.8M partially offset by incentives, rebates and excess cash distributions paid to the owners of \$722K.
- Accounts receivable of \$995K was primarily made up of Cisco Systems (\$318K), Ticketmaster receivable (\$187K), Dome Productions (\$160K), MLSE receivables (\$157K), Pinnacle Caterers (\$94K) and other operating receivables (\$79K).
- Subsequent receipts as of September 15th were \$45K. BMO Field is currently monitoring receivables and two collection issues have been identified relating to suite #6 2012 and 2013 Suite Licenses fees which have been provided for.

- The year over year decrease in accounts receivable of \$181K was due primarily to timing of collections from MLSE (\$607K) and the capital reserve receivable from the City of Toronto (\$36K) partially offset by an increase in other operating receivables (\$332K) and Ticketmaster receivable (\$130K).
- Accounts payable and accrued liabilities of \$3.0M were primarily made up of MLSE cost recoveries (\$970K), operating payables (\$717K), general liabilities (\$417K), ticket liabilities (\$345K), event settlements (\$302K), and the 2013 capital reserve payable to the City at the end of the year (\$277K).
- The year over year increase in accounts payable and accrued liabilities of \$283K was primarily due to an increase in event settlement payables (\$202K), general liabilities (\$126K) and MLSE cost recoveries (\$40K) partially offset by the timing of payments of operating payables (\$84K).

PROFIT & LOSS

The operating profit before depreciation, incentives and rebates for the month ending August 31, 2013 of \$515K was \$138K favourable to budget as the AS Roma and Canada Rugby matches that occurred were more profitable than the budgeted CSA and international friendly matches that were in budget. The following provides an analysis of the significant variances in the month:

Revenues

- Food and beverage revenues were \$25K unfavourable to budget for the month due to lower alcohol sales at the two TFC games (\$91K) as a result of lower per cap and stipe and not hosting a CSA game (\$61K). These shortfalls were partially offset by the additional sales from the Rugby match (\$113K) and higher sales from the AS Roma international game and open practice (\$18K).
- Cost of goods sold were \$15K favourable to budget primarily due to lower sales costs during TFC games (\$32K) and not hosting a CSA game (\$15K) partially offset by food costs from the Rugby match (\$33K). Gross margin was 1.3% favourable to budget mainly due to lower cost of food sales.
- TFC usage fees were \$17K favourable to budget due to TFC competing against AS Roma in the international game.
- CSA usage fees were \$15K unfavourable to budget due to not hosting a CSA game.
- Other usage fees were \$13K unfavourable to budget mainly due to lower event rental fees (\$18K) partially offset by higher broadcast revenues (\$5K).
- Other revenue was \$24K favourable to budget in the month primarily due to higher ancillary revenues from the Honda Indy settlement (\$10K), TFC matches (\$7K), Rugby match (\$4K) and vendor rebates (\$3K).

Expenses

- Food and beverage royalties were \$12K unfavourable to budget mainly due to higher royalties generated from the AS Roma match (\$43K) partially offset by lower royalties due to lower sales from the two TFC games (\$24K) and not hosting a CSA game (\$7K).
- Suite royalties were \$16K favourable to budget primarily due to reduced suite license revenue and lower nightly rentals and additional ticket sales for TFC games.
- Full time salaries were \$19K favourable to budget mainly due to staff vacancies.
- Part time wages were \$25K favourable to budget primarily due to lower staff headcount at the TFC and AS Roma games.

- Supplies and services were \$94K favourable to budget primarily due to timing of event costs (\$44K), timing of equipment and maintenance costs (\$18K), higher credit card charge recoveries (\$14K), savings in consulting (\$8K), uniforms (\$3K) and IT costs (\$2K).
- Utilities were \$18K unfavourable to budget mainly due to higher water usage from March to June (\$20K) and higher hydro costs (\$2K) partially offset by savings in gas (\$4K).

Submitted by:

Peter Church
General Manager
BMO Field

BMO FIELD
BALANCE SHEET
as at August 31, 2013

	<u>August 31, 2013</u>	<u>August 31, 2012</u>
ASSETS		
Current Assets		
Cash	\$ 3,887,572	\$ 2,848,353
Accounts receivable	994,712	1,175,919
Prepaid expenses & deposits	52,329	85,942
Inventory	142,987	91,426
	<u>5,077,600</u>	<u>4,201,640</u>
Capital Assets	27,974	15,093
	<u>\$ 5,105,574</u>	<u>\$ 4,216,733</u>
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,025,942	\$ 2,742,503
Taxes payable	175,044	7,660
Deferred revenue	634,324	437,978
	<u>3,835,310</u>	<u>3,188,141</u>
Long-Term Suite Deposits	204,704	233,784
Retained Earnings	1,065,560	794,808
	<u>\$ 5,105,574</u>	<u>\$ 4,216,733</u>
STATEMENT OF RETAINED EARNINGS		
Opening Retained Earnings	\$ 368,252	\$ 556,839
Operating Profit	1,031,438	768,783
Distribution of Excess Cash	(334,130)	(530,814)
Closing Retained Earnings	<u>\$ 1,065,560</u>	<u>\$ 794,808</u>

BMO FIELD
INCOME STATEMENT
For the Month and the Eight Months Ending August 31, 2013

	Month			YTD			
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	2012
Revenues							
Ticketmaster Rebates	\$ 62,237	\$ 54,556	\$ 7,681	\$ 287,229	\$ 159,195	\$ 128,034	\$ 164,514
Club Fees	8,773	9,783	(1,010)	52,639	58,699	(6,060)	55,904
Sponsorship	121,385	122,599	(1,214)	606,926	612,996	(6,070)	600,975
Contra Sponsorship	-	2,500	(2,500)	2,830	20,000	(17,170)	28,086
Food and Beverage	597,783	622,353	(24,570)	2,833,125	3,410,829	(577,704)	3,288,216
F&B Third Party Commissions	38,698	37,043	1,655	164,021	199,896	(35,875)	185,493
Event Merchandise	13,489	8,858	4,631	55,072	63,921	(8,849)	58,602
Suites	161,511	157,554	3,957	920,659	931,644	(10,985)	881,953
TFC Usage Fee	51,480	34,320	17,160	240,240	257,400	(17,160)	294,818
CSA Usage Fee	-	15,200	(15,200)	30,984	30,400	584	33,376
CRF	58,784	67,722	(8,938)	280,105	324,644	(44,539)	326,131
Other Usage Fee	46,376	59,832	(13,456)	329,774	243,417	86,357	248,412
Other Revenue	27,501	3,302	24,199	100,312	26,412	73,900	52,737
Total Revenues	\$ 1,188,017	\$ 1,195,622	\$ (7,605)	\$ 5,903,916	\$ 6,339,453	\$ (435,537)	\$ 6,219,217
Expenses							
Cost of Goods Sold	\$ 177,251	\$ 192,596	\$ 15,345	\$ 895,605	\$ 1,058,997	\$ 163,392	\$ 1,150,558
Food & Beverage Royalties	130,351	117,979	(12,372)	642,874	824,763	181,889	833,321
Suite Royalties	55,499	71,135	15,636	378,688	490,374	111,686	395,859
Full-Time Salaries	52,112	71,538	19,426	425,067	525,979	100,912	427,111
Part-Time Wages	100,967	125,565	24,598	630,857	825,049	194,192	719,687
Benefits	9,330	13,468	4,138	77,450	98,476	21,026	78,633
Travel and Entertainment	(162)	2,218	2,380	3,927	22,228	18,301	9,527
Supplies and Services	7,143	100,915	93,772	771,011	1,036,992	265,981	844,289
Insurance	11,625	11,625	-	93,000	93,000	-	93,210
Sign Tax	2,000	-	(2,000)	64,000	-	(64,000)	-
Utilities	57,694	39,200	(18,494)	310,007	280,800	(29,207)	321,108
Capital Reserve	34,640	34,986	346	277,120	279,888	2,768	272,565
Management Fee	18,873	19,072	199	150,984	152,576	1,592	149,584
Other	15,674	18,007	2,333	140,072	157,883	17,811	144,049
Total Operating Expenses	\$ 672,997	\$ 818,304	\$ 145,307	\$ 4,860,662	\$ 5,847,005	\$ 986,343	\$ 5,439,501
Operating Profit before Depreciation, Incentives & Rebates	\$ 515,020	\$ 377,318	\$ 137,702	\$ 1,043,254	\$ 492,448	\$ 550,806	\$ 779,716
Depreciation	1,432	3,333	1,901	11,816	26,667	14,851	10,933
Operating Profit before Incentives & Rebates	\$ 513,588	\$ 373,985	\$ 139,603	\$ 1,031,438	\$ 465,781	\$ 565,657	\$ 768,783
Operating Profit	\$ 513,588	\$ 373,985	\$ 139,603	\$ 1,031,438	\$ 465,781	\$ 565,657	\$ 768,783
F&B Gross Margin %	70.3%	69.1%	1.3%	68.4%	69.0%	-0.6%	65.0%

**BMO FIELD
STATEMENT OF CASH FLOWS**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Eight months ending	
	August 31, 2013	August 31, 2012
OPERATING	\$ 2,654,960	\$ 933,168
INVESTING	(20,512)	10,933
FINANCING	(370,130)	(540,189)
	\$ 2,264,318	\$ 403,912
Net Cash Inflow during the period	\$ 2,264,318	\$ 403,912
Cash, beginning of period	1,623,254	2,444,441
Cash, end of period	\$ 3,887,572	\$ 2,848,353
OPERATING		
Operating profit after incentives and rebates	\$ 1,031,438	\$ 768,783
Amortization of capital assets	26,667	-
Cash invested in non cash working capital items	1,596,855	164,385
	\$ 2,654,960	\$ 933,168
INVESTING		
Acquisition of capital assets	\$ (20,512)	\$ 10,933
	\$ (20,512)	\$ 10,933
FINANCING		
Long-term deposits	\$ (36,000)	\$ (9,375)
Distribution of excess cash to owner	(334,130)	(530,814)
	\$ (370,130)	\$ (540,189)
Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ (643,578)	\$ (744,188)
Taxes payable	181,283	41,278
Prepaid expenses	(48,344)	(48,378)
Inventory	(124,985)	(68,539)
Accounts payable and accrued liabilities	2,022,325	1,114,277
Incentives & rebates payable	(387,943)	(568,043)
Deferred revenue	598,097	437,978
Cash invested in non-cash working capital items	\$ 1,596,855	\$ 164,385