

Item No. 6



Management Report
for
The Board of Governors of Exhibition Place
December 2011

Executive Summary

000's	December 31, 2011			Fiscal			
	Actual	Plan	Variance	Actual	Plan	Variance	2010
Revenues	513	22	491	8,194	7,767	427	7,518
Expenses	(150)	(202)	52	(7,076)	(7,284)	208	(6,820)
EBITDA	363	(180)	543	1,118	483	635	698
	Less: Rebates and Incentives			(568)	(226)	(342)	(345)
	Less: Non Cash Revenues			(19)	(30)	11	(30)
	<i>Cash Available for Distribution to The Board of Governors of Exhibition Place</i>			531	227	304	323

- For the year ending December 31, 2011, BMO Field exceeded its 2011 EBITDA target of \$483K by \$635K, as the five unbudgeted TFC matches, the CSA settlement and operational savings more than offset the loss from not hosting two additional CSA games and two additional International games which were included budget.
- In past years, the CSA has failed to deliver the six required events to BMO Field as originally intended in the LOI. In 2011, BMO Field and the CSA agreed to a settlement for the shortfall in events in 2009 and 2010 resulting in one-time compensation to the facility totalling \$442K. Furthermore, both parties agreed on a new tiered settlement process to be used on a go forward basis which will incent the CSA to attract more events to BMO Field but will also result in more favourable terms to the facility in years where key attendance targets aren't met. The settlements for the four CSA matches in the year were adjusted in December to reflect the new terms of the agreement resulting in a net favourable adjustment of \$95K.
- The operating profit for BMO Field before depreciation, incentives and rebates was \$363K (\$543K favourable to budget) for the month and \$1.1M (\$635K favourable to budget) for the year. The excess cash distribution payable to The Board of Governors of Exhibition Place is projected to be \$531K (to be finalized upon completion of the audit). When excluding the one-time CSA settlement, the distribution to the Board of Governors would have been \$310K.
- Total revenues of \$513K for the month were \$491K positive to budget mainly due to the 2009-2010 CSA settlement agreement (\$442K). For the year, total revenues of \$8.2M were \$427K favourable to budget due to five additional TFC games and the CSA settlement, partially offset by two fewer CSA games and two fewer International matches
- Total operating expenses of \$150K for the month were \$52K favourable to budget mainly due to adjustments resulting from the new CSA agreement (\$54K). For the year, operating expenses of \$7.1M were \$208K favourable to budget due to savings in full-time salaries (\$104K), part-time wages (\$91K), royalties (\$89K), cost of goods sold (\$47K), and utilities (\$35K) partially offset by higher supplies & services costs (\$143K) and other expenses (\$27K).

Events hosted by BMO Field:

	December 31, 2011			Fiscal			2010 Actual
	Actual	Plan	Variance	Actual	Plan	Variance	
TFC Games (MLS, Friendlies & CONCACAF)	-	-	-	24	19	5	22
CSA Games	-	-	-	4	6	(2)	2
International Games	-	-	-	2	4	(2)	1
Other	-	-	-	-	-	-	1
TOTAL	-	-	-	30	29	1	26
Field Rental Hours	-	-	-	26	216	(190)	80

December 2011 Financials

BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$2.4M increased by \$400K from December 31, 2010. The increase was mainly due to cash from operations before incentives, rebates and excess cash distributions of \$744K, partially offset by the payment of the incentives, rebates and excess cash of \$323K relating to the 2010 season.
- Accounts receivable of \$432K includes \$135K in capital expenses recoverable from the City of Toronto, \$88K receivable from MLSE, and \$208K in other operating receivables. BMO Field continues to monitor receivables and no collection issues are anticipated. As at January 20, 2011, subsequent receipts were \$27K.
- Accounts payable and accrued liabilities of \$1.6M includes \$575K payable to MLSE for shared cost recoveries, \$447K payable to the CSA for events held at BMO Field between 2009 and 2011 (anticipated to be paid in early 2012), \$400K payable to the City of Toronto for the capital expenditure reserve, \$269K in ticket advances payable to the MLSE and \$386K in current payables and accruals.
- Incentives & rebates payable of \$589K (\$345K in 2010) will be paid upon completion of the year-end audit. The year over year increase is attributable to higher operating profits in 2011 from the CSA settlement and additional events when compared to 2010.

PROFIT & LOSS

Year over year, the operating profit before depreciation, incentives and rebates increased by \$419K mainly due to the CSA settlement and operational savings, partially offset by lower revenues from hosting fewer event.

The operating profit for the month ending December 31, 2011 was \$363K (\$543K favourable to budget). For the year, operating profit before depreciation, incentives and rebates was \$1.1M (\$635K favourable). The following provides an analysis of the significant variances in the month and year:

Revenues

- Ticketmaster rebates were unfavourable to budget (\$30K) for the year. This is due to lower rebates per CSA game than budgeted and two missed games resulting in lost revenues of \$90K. In addition, the two fewer international games contributed to an additional \$24K in lost revenue. These shortfalls however were partially offset by higher rebates from TFC games (\$83K) due primarily to the five unbudgeted games in the year and higher than anticipated single tickets available for sale.
- Food and beverage revenues for the year were \$65K favourable to budget mainly due to the five additional TFC games that were not in budget (\$462K) partially offset by lower food and beverage sales from the four CSA and International games that did not occur (\$404K).
- Cost of goods sold was \$46K favourable to budget for the year mainly due to stronger margins. Margins for the year of 65.4% were favourable to budget of 63.8%. In the year, BMO Field updated its ordering and inventory management processes resulting in more effective inventory management.
- Event merchandise commissions for the year were \$27K negative to budget due primarily to softer sales at TFC games (\$31K) due to lower than anticipated per caps and sticle counts.
- TFC Usage Fees for the year were \$57K positive to budget due to hosting five additional unbudgeted TFC games.
- CSA Usage Fees and CRF fees for the month were \$18K and \$24K favourable as a result of adjustments to the CSA settlements as a result of the new agreement reached in the year.
- Other Usage Fees were \$94K unfavourable to budget for the year due primarily to a shortfall in field rentals of \$106K resulting in a heavy TFC schedule which blocked several dates throughout the summer. The shortfall in field rentals was partially offset by higher broadcast revenues of \$10K driven primarily from the additional TFC matches.
- Other revenues were \$450K favourable to budget in the month and for the year mainly due to the CSA settlement agreement (\$442K).

Expenses

- Royalties for the month were \$54K favourable due to cost recoveries resulting from the new CSA settlement resulting in lower royalties paid to the CSA in the year. Royalties were \$89K positive for the year as a result of the royalty recovery in the month (\$53K), savings on the two less CSA games (\$36K) and the two international games (\$13K), offset partially by higher TFC royalties (\$14K) due to higher TFC related food and beverage sales.
- Full-time salaries were \$15K favourable to budget in the month (\$104K for the year) due primarily to vacancies throughout the year across multiple departments.
- Part-time wages were \$91K favourable to budget in the year as a result of savings within ticketing and food and beverage of \$126K offset by increased event labour costs of \$36K due to the additional five additional unbudgeted TFC games.
- Supplies and services expenses were \$144K unfavourable to budget for the year due to snow removal costs due to a large snow storm in March and the earlier than anticipated start to the TFC season (\$70K), winterization (\$60K), maintenance and equipment costs for the LED sign and Trivision sign (\$48K), elevator maintenance (\$25K) and building controls (\$22K), offset by cost savings in cleaning labour (\$35K), human resource costs (\$21K), IT (\$20K), and legal fees (\$11K).
- Utilities were \$13K unfavourable to budget in the month mainly due higher hydro costs than planned. Utilities for the year were \$35K positive to budget due to lower water (\$9K) and gas (\$60K) usage partially offset against higher hydro costs (\$33K). Overages in hydro were due to a rate increase in 2011.
- Other Expenses for the year were \$27K negative to budget mainly due to higher printing & copying costs and higher bank and credit card charges (\$17K).

Submitted by:

Peter Church
General Manager/BMO Field

BMO FIELD
BALANCE SHEET
as at December 31, 2011

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
ASSETS		
Current Assets		
Cash	\$ 2,444,441	\$ 2,043,961
Accounts receivable	431,731	263,101
Taxes recoverable	33,618	-
Prepaid expenses & deposits	37,564	63,572
Inventory	22,887	52,364
	<u>2,970,241</u>	<u>2,422,998</u>
Capital Assets	26,026	59,971
	<u>\$ 2,996,267</u>	<u>\$ 2,482,969</u>
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,607,372	\$ 1,399,061
Taxes payable	-	111,995
Incentives & rebates payable	588,897	344,819
	<u>2,196,269</u>	<u>1,855,875</u>
Long-Term Suite Deposits	243,159	243,159
Retained Earnings	556,839	383,935
	<u>\$ 2,996,267</u>	<u>\$ 2,482,969</u>
Opening Retained Earnings	\$ 383,935	\$ 458,110
Operating Profit	496,869	303,935
Distribution of Excess Cash	(323,965)	(378,110)
Closing Retained Earnings	<u>\$ 556,839</u>	<u>\$ 383,935</u>

**BMO FIELD
INCOME STATEMENT
For the Twelve Months Ending December 31, 2011**

	December 31, 2011			Fiscal			2010
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	
Revenues							
Ticketmaster Rebates	\$ -	\$ -	\$ -	\$ 257,002	\$ 287,360	\$ (30,358)	\$ 199,189
Club Fees	-	-	-	75,492	80,310	(4,818)	77,335
Sponsorship	-	-	-	817,691	807,791	9,900	791,952
Contra Sponsorship	56	2,500	(2,444)	19,303	30,000	(10,697)	29,956
Food and Beverage	230	-	230	4,359,095	4,293,956	65,139	4,170,006
F&B Third Party Commissions	-	-	-	256,040	260,719	(4,679)	246,716
Event Merchandise	-	-	-	83,760	111,090	(27,330)	74,841
Suites	-	-	-	685,461	669,148	16,313	734,796
TFC Usage Fee	-	-	-	364,491	307,040	57,451	364,320
CSA Usage Fee	18,143	-	18,143	60,476	76,001	(15,525)	20,854
CRF	24,329	-	24,329	445,513	431,016	14,497	407,309
Other Usage Fee	19,498	19,040	458	248,498	342,640	(94,142)	326,143
Other Revenue	450,484	-	450,484	520,806	70,000	450,806	75,064
Total Revenues	\$ 512,740	\$ 21,540	\$ 491,200	\$ 8,193,628	\$ 7,767,071	\$ 426,557	\$ 7,518,481
Expenses							
Cost of Goods Sold	\$ (2,353)	\$ -	\$ 2,353	\$ 1,509,366	\$ 1,556,350	\$ 46,984	\$ 1,518,864
F&B Royalty	(53,538)	-	53,538	1,052,303	1,141,076	88,773	1,068,462
Full-Time Salaries	41,933	56,642	14,709	620,092	723,692	103,600	672,667
Part-Time Wages	8,043	-	(8,043)	1,121,503	1,212,592	91,089	1,104,346
Benefits	7,484	9,509	2,025	118,851	122,029	3,178	121,958
Travel and Entertainment	1,239	200	(1,039)	16,271	22,175	5,904	9,639
Supplies and Services	31,426	35,263	3,837	1,286,744	1,143,243	(143,501)	945,857
Insurance	12,657	11,625	(1,032)	132,318	139,500	7,182	134,602
Utilities	37,941	25,000	(12,941)	373,861	409,200	35,339	403,691
Capital Reserve	33,333	33,333	-	400,000	400,000	-	400,000
Management Fee	18,171	17,952	(219)	218,052	215,424	(2,628)	211,200
Other	13,679	12,471	(1,208)	226,163	198,852	(27,311)	228,456
Total Operating Expenses	\$ 150,015	\$ 201,995	\$ 51,980	\$ 7,075,524	\$ 7,284,133	\$ 208,609	\$ 6,819,742
Operating Profit (Loss) before Depreciation, Incentives & Rebates	\$ 362,725	\$ (180,455)	\$ 543,180	\$ 1,118,104	\$ 482,938	\$ 635,166	\$ 698,739
Depreciation	4,700	3,333	(832)	53,192	40,000	(2,496)	49,985
Operating Profit (Loss) before Incentives & Rebates	\$ 358,025	\$ (183,788)	\$ 542,348	\$ 1,064,912	\$ 442,938	\$ 632,670	\$ 648,754
Incentives & Rebates	\$ 368,043	\$ 26,469	\$ 341,574	\$ 568,043	\$ 226,469	\$ 341,574	\$ 344,819
Operating (Loss)	\$ (10,018)	\$ (210,257)	\$ 200,774	\$ 496,869	\$ 216,469	\$ 291,096	\$ 303,935
Gross Margin %	1123.0%	0.0%		65.4%	63.8%		63.6%

**BMO FIELD
STATEMENT OF CASH FLOWS**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	twelve months ended	
	December 31, 2011	December 31, 2010
OPERATING	\$ 743,692	\$ 571,258
INVESTING	(19,247)	(29,956)
FINANCING	(323,965)	(324,951)
	\$ 400,480	\$ 216,351
Net Cash Inflow (Outflow) during the period		
Cash, beginning of period	2,043,961	1,827,610
Cash, end of period	\$ 2,444,441	\$ 2,043,961
OPERATING		
Operating profit after incentives and rebates	\$ 496,869	\$ 303,935
Amortization of capital assets	53,192	49,985
Cash provided by non cash working capital items	193,631	217,338
	\$ 743,692	\$ 571,258
INVESTING		
Acquisition of capital assets	\$ (19,247)	\$ (29,956)
	\$ (19,247)	\$ (29,956)
FINANCING		
Long-term deposits	\$ -	\$ 53,159
Distribution of excess cash to owner	(323,965)	(378,110)
	\$ (323,965)	\$ (324,951)