



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

Executive Summary

\$000's	AUGUST 2010			YTD (8 Months)			2009
	Actual	Plan	Variance	Actual	Plan	Variance	Actual
Revenues	\$ 1,223	\$ 1,216	\$ 7	\$ 5,590	\$ 6,092	\$ (502)	\$ 6,406
Expenses	\$ (878)	\$ (880)	\$ 2	\$ (5,024)	\$ (5,675)	\$ 651	\$ (5,642)
EBITDA	\$ 345	\$ 336	\$ 9	\$ 566	\$ 417	\$ 149	\$ 764

- For the month ending August 31, 2010, the operating profit before depreciation for BMO Field was \$345K (\$9K favourable to budget).
- Total revenues of \$1.2M for the month were \$7K positive to budget mainly due to hosting one additional TFC game offset by not hosting three other events: one International game (\$93K), one CSA game (\$74K), and one Major League Lacrosse “MLL” game (\$45K).
- Total operating expenses of \$878K for the month were \$2K favourable to budget. Expenses were lower in the month due to lower Part-time Wages (\$18K), Supplies & Services (\$15K), Utilities (\$7K) and Full-time Salaries (\$6K); partially offset by higher Cost of Goods sold (\$23K) and Royalties (\$18K) from hosting the additional TFC game, and Other expenses (\$4K).
- The Toronto Nationals Lacrosse Club opted not to play their 2010 home games at BMO Field. Included in the budget were six lacrosse games. The negative EBITDA impact to the budget for the year will be \$150K.
- As per the LOI, six CSA games were included in the budget; however, the CSA has only confirmed two games to-date. Should the CSA fail to deliver the remaining four games, there could be additional risk to achieving the budget.
- The management team anticipates that 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 MLL games and the risk of not hosting four CSA games.

Events hosted by BMO Field:

	AUGUST 2010			YTD (8 Months)			2009
	Actual	Plan	Variance	Actual	Plan	Variance	Actual
TFC Games (MLS, Friendly & CONCACAF)	4	3	1	17	15	2	17
CSA Games	-	1	(1)	-	4	(4)	1
International Games	-	1	(1)	-	4	(4)	1
Toronto Nationals (MLL)	-	1	(1)	-	6	(6)	6
Other Events	-	-	-	1	-	1	3
TOTAL	4	6	(2)	18	29	(11)	28
Rental (hours)	-	60	(60)	79	2,167	(2,088)	2,976

August 2010 Financials

BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$3.0M increased by \$438K from August 31, 2009. The increase was mainly due to cash from operations before incentives, rebates and excess cash distributions of \$1.4M partially offset by payment of the incentives, rebates and excess cash of \$994K for the 2008 and 2009 seasons.
- Accounts Receivable of \$1.0M was made up primarily of sponsorship revenue of \$565K to be collected at the end of the season, August TFC game settlements of \$249K to be collected in September, August Pinnacle settlements of \$39K, Ticketmaster rebates and advances of \$30K, and field rental revenue of \$7K from the Ontario Soccer Association. BMO Field continues to monitor receivables and no collection issues are anticipated.
- Accounts Payable and Accrued Liabilities of \$3.2M includes \$1.0M in current payables and accruals, \$681K payable to MLSE for shared cost recoveries and Ticketmaster advances, \$566K payable to MLSE for its share of 2010 Suite & Club Seats revenue (payable at the end of the season), and \$381K payable to the promoter for the International game held in May.
- Deferred Revenue of \$252K was made up primarily of 2010 Suite revenue which is being recognized over the course of the TFC season (April – October).

PROFIT & LOSS

EBITDA for BMO Field for the month ending August 31, 2010 was \$345K (\$9K favourable to budget). The following provides an analysis of the significant variances in the month:

Revenues

- Ticketmaster Rebates were \$20K unfavourable to budget in the month mainly due to not hosting two soccer games (CSA - \$14K and International - \$28K) and one MLL lacrosse game (\$1K). The lower revenues were partially offset by higher rebate revenues of \$13K from the unbudgeted TFC CONCACAF game and \$10K from the three budgeted TFC games as a result of the added seats in the north-end which resulted in additional tickets made available for sale on the Ticketmaster system.
- Food and Beverage revenues were \$54K or 8% favourable to budget in the month mainly due to hosting one additional TFC game (\$166K), partially offset by not hosting three other events included in the budget for the month. Year to date, Food and Beverage revenues were \$142K or 4% unfavourable 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 \$23K unfavourable to budget in the month as a result of higher food and beverage sales from hosting the unbudgeted TFC game, partially offset by lost events. For the month, the gross margin percentage was 63.4% versus 63.9% budgeted. Year to date, Costs of Goods Sold were \$39K favourable to budget and gross margin percentage was 63.3% versus 63.7% budgeted.

- Event Merchandise commissions were \$9K or 44% (year to date, \$26K or 29%) unfavourable to budget mainly due to lower per cap from TFC games (\$1.82 actual versus \$3.71 budgeted) and lost events partially offset by the additional TFC game.
- Suites were \$9K or 10% favourable to budget for the period mainly due to nightly rental of \$6K from the additional CONCACAF game and new suite rental (\$5K), partially offset by lower adopt-a-suite revenue (\$3K). Year to date, Suites were \$37K or 8% favourable due to an increase in nightly rentals as a result of the terminated suite agreement, a new suiteholder was added as the number of suites available for sale increased to 28 from 27 and nightly rentals from additional TFC games.
- TFC Usage Fees were \$15K or 31% favourable (year to date, \$27K or 11%) mainly due to hosting an additional unbudgeted TFC games.
- CSA Usage Fees were \$13K unfavourable (year to date, \$51K) as a result of not hosting a game at BMO Field in the period. The CSA has confirmed two games to be played in September.
- CRF revenues were \$5K or 8% favourable to budget in the month mainly due to higher revenues from additional TFC game and higher ticket sales from the TFC games in the period, partially offset by loss of events. Year to date, CRF revenues were \$12K or 4% positive to budget as a result of higher average number of tickets sold per TFC game (21,257 actual versus 17,500 budgeted) due to the addition of the north-end grandstands, offset by the loss CSA and International games.
- Other Usage Fees were \$30K or 54% unfavourable to budget in the month due to not hosting the international game (\$16K), lower field rental revenue (\$34K) as a result of CNE and field maintenance, and not hosting a MLL game (\$5K). The lower revenues were partially offset by higher broadcast revenue (\$5K). Year to date, Other Usage Fees were \$312K or 57% unfavourable due to the bubble relocation partially offset by bubble compensation of \$75K and higher broadcast revenue of \$24K. Lost bubble revenues are offset by saving in supplies and services and utilities.

Expenses

- Royalties were \$18K or 10% unfavourable to budget in the month mainly due to hosting an additional TFC game. Year to date, Royalties were \$40K or 5% positive as a result of lower food and beverage sales at TFC games and the loss of the CSA games (\$40K) and MLL games (\$20K).
- Full-time Salaries were \$6K or 9% favourable (\$73K or 13%, year to date) due to a revised organizational structure.
- Part-time Wages were \$18K or 11% favourable to budget in the month mainly due to lower TFC food & beverage labour cost (\$35K) and lower event labour cost of \$25K from not hosting games (CSA, International and MLL), partially offset by labour costs for the additional TFC game. Year to date, Part-time Wages were \$142K or 15% favourable as a result of lower event costs (\$137K) partially offset by higher non-event warehouse labour cost (\$39K) for season opening and event setup.
- Supplies and Services expenses were \$15K or 19% favourable to budget in the month mainly due to operational savings in cleaning labour and consumables costs (\$5K), uniforms (\$5K), and security (\$3K). Year to date, Supplies and Services were \$250K or 26% favourable mainly due lower OSA commission (\$57K), cleaning labour (\$42K), winterization (\$27K), staff training (\$25K), part-time building operations labour (\$18K), security (\$18K), armoured car service (\$15K) 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 \$7K favourable to budget in the month mainly due to lower hydro costs (\$5K) and gas (\$2K). Year to date, Utilities were \$104K favourable to budget due to lower gas (\$62K) and hydro (\$39K) usage due primarily to the bubble relocation.
- Other Expenses were \$4K unfavourable to budget in the month due primarily to higher telephone costs (\$3K) from adding additional lines for broadcast (offset by additional revenues included in Other Usage fees) and credit card charges (\$2K). Year to date, Other Expenses were \$16K unfavourable to budget mainly due to higher telephone costs (\$18K), credit card charges (\$7K), and foreign exchange (\$4K), partially offset by lower F&B copy & printing costs (\$9K).

Event Management Services

There were four Toronto FC games in August, including the first of three home games in the Group Stage of the Champions League as a result of TFC winning the qualifying games against CD Motagua. Due to the set up for the CNE that limited access to the stadium, coupled with on-going efforts to keep the grass in the best condition possible, there were no community rental hours booked by the Ontario Soccer Association in the period.

Building Operations

The Building Operations team continued to work closely with TFC management on the grass maintenance and aeration while also focusing on preparations for the three MLS regular season game and the additional CONCACAF game.

Food & Beverage

Sales for the month were \$743K for the TFC games versus a budget of \$696K as a result of higher than anticipated attendance. However, the Food & Beverage per caps were lower than planned due to sales erosion by the CNE for two of the four events in August. The average food and beverage per cap for the month was \$13.24 (year to date, \$13.95) versus \$13.64 budgeted.

Submitted by:

Peter Church
General Manager
BMO Field

BMO FIELD
BALANCE SHEET
as at August 31, 2010

	<u>August 31, 2010</u>	<u>August 31, 2009</u>	<u>December 31, 2009</u>
ASSETS			
Current Assets			
Cash	\$ 3,006,711	\$ 2,568,447	\$ 1,827,610
Accounts receivable	1,005,502	2,492,899	295,175
Prepaid expenses & deposits	71,755	75,715	16,970
Inventory	213,258	261,096	39,024
	<u>4,297,226</u>	<u>5,398,157</u>	<u>2,178,779</u>
Capital Assets	53,334	45,000	80,000
	<u>\$ 4,350,560</u>	<u>\$ 5,443,157</u>	<u>\$ 2,258,779</u>
LIABILITIES AND RETAINED EARNINGS			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 3,164,117	\$ 3,762,716	\$ 1,105,665
Taxes payable	63,562	168,329	109,768
Deferred revenue	251,562	211,881	8,215
Incentives & rebates payable	8,910	118,841	387,020
	<u>3,488,152</u>	<u>4,261,768</u>	<u>1,610,669</u>
Long-Term Suite Deposits	243,159	218,125	190,000
Retained Earnings	619,250	963,265	458,110
	<u>\$ 4,350,560</u>	<u>\$ 5,443,157</u>	<u>\$ 2,258,779</u>
Opening Retained Earnings	\$ 458,110	\$ 199,325	\$ 199,325
Operating Profit	539,250	763,939	377,868
Distribution of Excess Cash	(378,110)	-	(119,083)
Closing Retained Earnings	<u>\$ 619,250</u>	<u>\$ 963,265</u>	<u>\$ 458,110</u>

**BMO FIELD
INCOME STATEMENT
For the Eight Months Ending August 31, 2010**

	August 2010			YTD			
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	2009
Revenues							
Ticketmaster Rebates	\$ 27,098	\$ 46,800	\$ (19,702)	\$ 137,756	\$ 165,350	\$ (27,594)	\$ 209,796
Club Fees	11,048	11,273	(225)	55,239	56,366	(1,127)	56,366
Sponsorship	113,136	115,381	(2,245)	565,680	576,906	(11,226)	563,988
Food & Beverage	757,051	703,507	53,545	3,243,067	3,385,160	(142,093)	3,470,460
F&B Third Party Commissions	38,654	41,537	(2,884)	183,625	191,748	(8,122)	187,297
Event Merchandise Commissions	11,318	20,230	(8,912)	60,361	85,061	(24,699)	80,014
Suites	99,021	90,033	8,988	483,577	446,588	36,989	405,175
TFC Usage Fees	63,360	48,460	14,900	269,280	242,300	26,980	280,695
CSA Usage Fees	-	12,667	(12,667)	-	50,667	(50,667)	8,910
CRF	67,279	62,079	5,200	305,753	293,916	11,837	348,334
Other Usage Fees	24,650	54,150	(29,500)	235,484	547,605	(312,121)	667,170
Other Revenue	10,102	10,000	102	50,526	50,000	526	128,129
Total Revenues	\$ 1,222,716	\$ 1,216,117	\$ 6,599	\$ 5,590,348	\$ 6,091,666	\$ (501,318)	\$ 6,406,334
Expenses							
Cost of Goods Sold	276,972	254,014	(22,958)	1,190,960	1,229,880	38,920	1,288,570
Royalties	199,532	181,317	(18,215)	824,469	864,432	39,963	872,034
Full-Time Salaries	63,349	69,478	6,129	469,673	542,857	73,184	489,852
Part-Time Wages	150,394	168,481	18,087	808,797	950,696	141,899	823,655
Benefits	10,924	11,781	857	83,770	91,918	8,148	94,644
Travel and Entertainment	1,672	1,800	128	6,846	16,077	9,231	5,358
Supplies and Services	63,002	77,784	14,782	712,846	962,902	250,055	1,087,538
Insurance	11,440	11,003	(437)	88,841	88,023	(819)	75,142
Utilities	27,619	34,700	7,081	253,120	356,700	103,580	330,136
Capital Reserve	33,333	33,333	-	266,664	266,667	3	266,664
Management Fee	17,600	17,948	348	140,800	143,585	2,785	140,370
Other	21,636	18,069	(3,567)	177,647	161,205	(16,442)	168,431
Total Operating Expenses	\$ 877,473	\$ 879,708	\$ 2,235	\$ 5,024,433	\$ 5,674,942	\$ 650,509	\$ 5,642,395
EBITDA	\$ 345,243	\$ 336,409	\$ 8,834	\$ 565,915	\$ 416,725	\$ 149,191	\$ 763,939
Depreciation	(3,333)	(3,333)	-	(26,666)	(26,664)	(2)	-
Net Operating Profit after Depreciation, before Incentives & Rebates	\$ 341,910	\$ 333,076	\$ 8,834	\$ 539,250	\$ 390,061	\$ 149,189	\$ 763,939
Food & Beverage Gross Margin %	63.4%	63.9%		63.3%	63.7%		62.9%

BMO FIELD
STATEMENT OF CASH FLOWS

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Eight months ended	
	August 31, 2010	August 31, 2009
OPERATING	\$ 1,504,053	\$ 1,610,450
FINANCING	(324,952)	-
Net Cash Inflow (Outflow) during the period	\$ 1,179,102	\$ 1,610,450
Cash, beginning of period	1,827,610	957,997
Cash, end of period	\$ 3,006,711	\$ 2,568,447
OPERATING		
Operating profit after incentives and rebates	\$ 539,250	\$ 763,939
Amortization of capital assets	26,666	-
Cash provided by (used in) non cash working capital items	938,138	846,511
	\$ 1,504,053	\$ 1,610,450
FINANCING		
Long-term deposits	\$ 53,159	\$ -
Distribution of excess cash to owner	(378,110)	-
	\$ (324,952)	\$ -
Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ (710,327)	\$ (2,241,614)
Prepaid expenses	(54,784)	(48,065)
Inventory	(174,234)	(230,796)
Accounts payable and accrued liabilities	2,058,452	3,281,524
Incentives & rebates payable	(378,110)	-
Taxes payable	(46,206)	28,098
Deferred revenue	243,347	57,363
Cash provided by (used in) operating activities	\$ 938,138	\$ 846,511