



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

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## Executive Summary

| 000's           | JULY 2010  |            |          | YTD (7 Months) |            |          | 2009       |
|-----------------|------------|------------|----------|----------------|------------|----------|------------|
|                 | Actual     | Plan       | Variance | Actual         | Plan       | Variance | Actual     |
| <b>Revenues</b> | \$ 1,465   | \$ 1,464   | \$ 1     | \$ 4,368       | \$ 4,876   | \$ (508) | \$ 5,335   |
| <b>Expenses</b> | \$ (1,026) | \$ (1,106) | \$ 80    | \$ (4,147)     | \$ (4,795) | \$ 648   | \$ (4,906) |
| <b>EBITDA</b>   | \$ 439     | \$ 358     | \$ 81    | \$ 221         | \$ 81      | \$ 140   | \$ 429     |

- For the month ending July 31, 2010, the operating profit before depreciation for BMO Field was \$439K (\$81K favourable to budget).
- Total revenues of \$1.5M for the month were on 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 \$1.0M for the month were \$88K favourable to budget. Expenses were lower in the month due to lower Supplies & Services (\$54K), Part-time Wages (\$22K), and Full-time Salaries (\$12K); partially offset by higher Royalties (\$11K) from hosting the additional TFC game, Cost of Goods sold (\$4K) 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 one game to date. Should the CSA fail to deliver the six 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 partially offset the losses from not hosting the MLL games and the risk of not hosting five CSA games.

Events hosted by BMO Field:

|   | JULY 2010 |      |          | YTD (7 Months) |       |          | 2009   |
|---|-----------|------|----------|----------------|-------|----------|--------|
|   | Actual    | Plan | Variance | Actual         | Plan  | Variance | Actual |
| <b>TFC Games (MLS, Friendly &amp; CONCACAF)</b> | 5         | 4    | 1        | 13             | 12    | 1        | 15     |
| <b>CSA Games</b>                                | -         | 1    | (1)      | -              | 3     | (3)      | 1      |
| <b>International Games</b>                      | -         | 1    | (1)      | -              | 3     | (3)      | 1      |
| <b>Toronto Nationals (MLL)</b>                  | -         | 1    | (1)      | -              | 5     | (5)      | 5      |
| <b>Other Events</b>                             | -         | -    | -        | 1              | -     | 1        | 1      |
| <b>TOTAL</b>                                    | 5         | 7    | (2)      | 14             | 23    | (9)      | 23     |
| <b>Rental (hours)</b>                           | -         | 60   | (60)     | 79             | 2,107 | (2,028)  | 2,976  |

## July 2010 Financials

### BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$2.8M increased by \$185K from July 31, 2009. The increase was mainly due to cash from operations before incentives, rebates and excess cash distributions of \$1.2M partially offset by payment of the incentives, rebates and excess cash of \$994K for the 2008 and 2009 seasons.
- Accounts Receivable of \$991K was made up primarily of sponsorship revenue of \$452K to be collected at the end of the season, July TFC game settlements of \$317K to be collected in August, Ticketmaster rebates and advances of \$60K, July Pinnacle settlements of \$49K, and field rental revenue of \$15K from Ontario Soccer Association. BMO Field continues to monitor receivables and no collection issues are anticipated.
- Accounts Payable and Accrued Liabilities of \$3.1M includes \$1.3M in current payables and accruals, \$566K payable to MLSE for its share of 2010 Suite & Club Seats revenue (payable at the end of the season), \$439K payable to MLSE for shared cost recoveries and Ticketmaster advances, and \$381K payable to the promoter for the International game held in May.
- Deferred Revenue of \$340K was made up primarily of 2010 Suite revenue which will be recognized over the course of the TFC season (April – October).

### PROFIT & LOSS

The Operating Profit before Depreciation for BMO Field for the month ending July 31, 2010 was \$439K (\$81K favourable to budget). The following provides an analysis of the significant variances in the month:

#### Revenues

- Ticketmaster Rebates were \$19K 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 four 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 and \$9K from the unbudgeted TFC CONCACAF game.
- Food and Beverage revenues were \$41K or 5% favourable to budget in the month mainly due to hosting one additional TFC game (\$170K), partially offset by not hosting three other events included in the budget for the month. Year to date, Food and Beverage revenues were \$196K or 7% unfavourable mainly due to poor weather and lost events.
- Cost of Goods Sold was \$4K 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 65.0% versus 63.9% budgeted mainly due to product rebates of \$2K received in the month. Year to date, Costs of Goods Sold were \$62K favourable to budget and gross margin percentage was 63.2% versus 63.6% budgeted.

- Event Merchandise commissions were \$8K or 34% (year to date, \$16K or 24%) unfavourable to budget mainly due to lower per cap from TFC games (\$2.11 actual versus \$3.71 budgeted) and lost events partially offset by the additional TFC game.
- Suites were \$10K or 11% 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 (\$2K). Year to date, Suites were \$28K or 8% favourable due to an increase in nightly rentals as a result of the terminated suite agreement and a new suiteholder added as the number of suites available for sale increased to 28 from 27 and the additional TFC game.
- TFC Usage Fees were \$15K or 23% favourable (year to date, \$12K) mainly due to hosting an additional unbudgeted TFC game.
- CSA Usage Fees were \$13K unfavourable (year to date, \$38K) as a result of not hosting a game at BMO Field in the period.
- CRF revenues were \$6K 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 \$7K or 3% positive to budget as a result of higher average number of tickets sold per TFC game (21,465 actual versus 17,500 budgeted) due to the addition of the north-end grandstands.
- Other Usage Fees were \$33K or 59% unfavourable to budget in the month due to not hosting the international game (\$16K), lower field rental revenue (\$8K) as a result of the Honda Indy and field maintenance, and not hosting the MLL game (\$5K). The lower revenues were partially offset by higher broadcast revenue (\$4K). Year to date, Other Usage Fees were \$283K or 57% unfavourable due to the bubble relocation partially offset by bubble compensation of \$75K and higher broadcast revenue of \$19K. Loss bubble revenue is offset by saving in supplies and services and utilities.

## Expenses

- Royalties were \$11K or 5% unfavourable to budget in the month mainly due to hosting additional TFC game. Year to date, Royalties were \$58K or 9% positive as a result of lower food and beverage sales at TFC games and the loss of the CSA games (\$30K) and MLL (\$16K) games.
- Full-time Salaries were \$12K or 16% favourable (\$67K or 14%, year to date) due to a revised organizational structure.
- Part-time Wages were \$22K or 10% favourable to budget in the month mainly due to lower TFC food & beverage labour cost (\$31K) 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 \$124K or 16% favourable as a result of lower event costs (\$160K) partially offset by higher non-event warehouse labour cost (\$36K) for season opening and event setup.
- Supplies and Services expenses were \$54K or 44% favourable to budget in the month mainly due to operational savings such as staff training (\$10K), non-recoverable labour costs (\$8K), uniforms (\$6K), and service of equipment (\$5K). Year to date, Supplies and Services were \$235K or 27% favourable mainly due lower OSA commission (\$55K), cleaning labour (\$39K), winterization (\$27K), staff training (\$23K), part-time building operations labour (\$16K), security (\$15K), armoured car service (\$13K) 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 \$6K favourable to budget in the month mainly due to lower hydro costs. Year to date, Utilities were \$96K favourable to budget due to lower gas (\$60K) and hydro (\$34K) usage due primarily to the bubble relocation.

- Other Expenses were \$4K unfavourable to budget in the month due primarily to higher telephone costs (\$2K) from adding additional lines for broadcast and copy & printing (\$2K) due to timing. Year to date, Other Expenses were \$13K unfavourable to budget mainly due to higher telephone costs (\$15K), credit card charges (\$5K), and foreign exchange (\$4K), partially offset by lower F&B copy & printing (\$9K).

### **Event Management Services**

Due to the set up for the Honda Indy that limited access to the stadium, coupled with ongoing efforts to keep the grass in the best condition possible, there were no community rental hours booked by the Ontario Soccer Association in July. There were also no corporate rentals due to concerns over the quality of the pitch as access to the field was limited to Toronto FC and visiting teams prior to games.

### **Building Operations**

The Building Ops team continued to work closely with TFC management on grass maintenance and upkeep in an effort to keep the grass at a professional level.

### **Food & Beverage**

The Food & Beverage team focused on improving customer service times – ensuring all portable beverage units were functioning properly: tents were added at six locations to reduce the impact of rain on sales. The average food and beverage per cap for the month was \$14.14 (year to date, \$13.95) versus \$13.64 budgeted.

Submitted by:



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Peter Church  
General Manager  
BMO Field

**BMO FIELD**  
**BALANCE SHEET**  
as at July 31, 2010

|  | <u>July 31, 2010</u> | <u>July 31, 2009</u> | <u>December 31, 2009</u> |
|--|----------------------|----------------------|--------------------------|
| <b>ASSETS</b>                            |                      |                      |                          |
| <b>Current Assets</b>                    |                      |                      |                          |
| Cash                                     | \$ 2,791,708         | \$ 2,606,395         | \$ 1,827,610             |
| Accounts receivable                      | 990,667              | 1,061,192            | 295,175                  |
| Prepaid expenses & deposits              | 74,912               | 109,348              | 16,970                   |
| Inventory                                | 206,582              | 267,140              | 39,024                   |
|  | <u>4,063,868</u>     | <u>4,044,075</u>     | <u>2,178,779</u>         |
| <b>Capital Assets</b>                    | 56,668               | 45,000               | 80,000                   |
|  | <u>\$ 4,120,536</u>  | <u>\$ 4,089,075</u>  | <u>\$ 2,258,779</u>      |
| <b>LIABILITIES AND RETAINED EARNINGS</b> |                      |                      |                          |
| <b>Current Liabilities</b>               |                      |                      |                          |
| Accounts payable and accrued liabilities | \$ 3,156,313         | \$ 2,746,532         | \$ 1,105,665             |
| Taxes payable                            | 94,519               | 67,576               | 109,768                  |
| Deferred revenue                         | 340,296              | 309,512              | 8,215                    |
| Incentives & rebates payable             | 8,910                | 118,841              | 387,020                  |
|  | <u>3,600,038</u>     | <u>3,242,462</u>     | <u>1,610,669</u>         |
| <b>Long-Term Suite Deposits</b>          | 243,159              | 218,125              | 190,000                  |
| <b>Retained Earnings</b>                 | 277,340              | 628,488              | 458,110                  |
|  | <u>\$ 4,120,536</u>  | <u>\$ 4,089,075</u>  | <u>\$ 2,258,779</u>      |
| <b>Opening Retained Earnings</b>         | \$ 458,110           | \$ 199,325           | \$ 199,325               |
| Operating Profit                         | 197,340              | 429,163              | 377,868                  |
| Distribution of Excess Cash              | (378,110)            | -                    | (119,083)                |
| <b>Closing Retained Earnings</b>         | <u>\$ 277,340</u>    | <u>\$ 628,488</u>    | <u>\$ 458,110</u>        |

**BMO FIELD**  
**INCOME STATEMENT**  
For the Seven Months Ending July 31, 2010

|   | July 2010           |                     |                  | YTD                 |                     |                     |                     |
|---|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|---------------------|
|   | Actual              | Budget              | Variance \$      | Actual              | Budget              | Variance \$         | 2009                |
| <b>Revenues</b>   |                     |                     |                  |                     |                     |                     |                     |
| Ticketmaster Rebates  | \$ 28,077           | \$ 46,800           | \$ (18,723)      | \$ 110,658          | \$ 118,550          | \$ (7,892)          | \$ 106,301          |
| Club Fees   | 11,048              | 11,273              | (225)            | 44,191              | 45,093              | (902)               | 45,093              |
| Sponsorship   | 113,136             | 115,381             | (2,245)          | 452,544             | 461,525             | (8,981)             | 451,190             |
| Food and Beverage   | 942,645             | 901,994             | 40,651           | 2,486,015           | 2,681,653           | (195,637)           | 2,944,298           |
| F&B Third Party Commissions   | 56,638              | 52,440              | 4,199            | 144,971             | 150,210             | (5,239)             | 148,920             |
| Event Merchandise   | 15,431              | 23,395              | (7,964)          | 49,043              | 64,831              | (15,788)            | 66,347              |
| Suites  | 101,486             | 91,155              | 10,331           | 384,556             | 356,555             | 28,001              | 317,865             |
| TFC Usage Fee   | 79,200              | 64,613              | 14,587           | 205,920             | 193,840             | 12,080              | 237,311             |
| CSA Usage Fee   | -                   | 12,667              | (12,667)         | -                   | 38,000              | (38,000)            | 8,910               |
| CRF   | 83,629              | 77,279              | 6,350            | 238,473             | 231,837             | 6,636               | 283,689             |
| Other Usage Fee   | 23,280              | 56,550              | (33,270)         | 210,834             | 493,455             | (282,621)           | 631,701             |
| Other Revenue   | 10,177              | 10,000              | 177              | 40,425              | 40,000              | 425                 | 93,668              |
| <b>Total Revenues</b>   | <b>\$ 1,464,747</b> | <b>\$ 1,463,548</b> | <b>\$ 1,199</b>  | <b>\$ 4,367,631</b> | <b>\$ 4,875,549</b> | <b>\$ (507,917)</b> | <b>\$ 5,335,293</b> |
| <b>Expenses</b>   |                     |                     |                  |                     |                     |                     |                     |
| Cost of Goods Sold  | 329,872             | 325,739             | (4,133)          | 913,988             | 975,866             | 61,878              | 1,081,630           |
| Royalties   | 245,067             | 233,677             | (11,390)         | 624,937             | 683,115             | 58,178              | 735,539             |
| Full-Time Salaries  | 64,307              | 76,478              | 12,171           | 406,324             | 473,380             | 67,055              | 414,609             |
| Part-Time Wages   | 192,840             | 214,978             | 22,138           | 658,403             | 782,216             | 123,812             | 726,654             |
| Benefits  | 9,255               | 11,781              | 2,527            | 72,846              | 80,136              | 7,291               | 82,376              |
| Travel and Entertainment  | 49                  | 2,050               | 2,002            | 5,174               | 14,277              | 9,103               | 5,358               |
| Supplies and Services   | 70,093              | 124,440             | 54,348           | 649,845             | 885,118             | 235,274             | 991,495             |
| Insurance   | 11,440              | 11,003              | (437)            | 77,401              | 77,020              | (381)               | 65,186              |
| Utilities   | 29,256              | 35,400              | 6,144            | 225,500             | 322,000             | 96,500              | 296,678             |
| Capital Reserve   | 33,333              | 33,333              | -                | 233,331             | 233,333             | 2                   | 233,331             |
| Management Fee  | 17,600              | 17,948              | 348              | 123,200             | 125,637             | 2,437               | 122,824             |
| Other   | 22,726              | 18,512              | (4,214)          | 156,011             | 143,136             | (12,876)            | 150,450             |
| <b>Total Operating Expenses</b>   | <b>\$ 1,025,837</b> | <b>\$ 1,105,340</b> | <b>\$ 79,503</b> | <b>\$ 4,146,960</b> | <b>\$ 4,795,233</b> | <b>\$ 648,274</b>   | <b>\$ 4,906,130</b> |
| <b>EBITDA</b>   | <b>\$ 438,910</b>   | <b>\$ 358,208</b>   | <b>\$ 80,702</b> | <b>\$ 220,672</b>   | <b>\$ 80,315</b>    | <b>\$ 140,356</b>   | <b>\$ 429,163</b>   |
| Depreciation  | (3,333)             | (3,333)             | -                | (23,332)            | (23,331)            | (1)                 | -                   |
| <b>Net Operating Profit after Depreciation, before Incentives &amp; Rebates</b> | <b>435,577</b>      | <b>354,875</b>      | <b>100,576</b>   | <b>197,340</b>      | <b>56,984</b>       | <b>160,229</b>      | <b>429,163</b>      |
| <b>Food &amp; Beverage Gross Margin %</b>                                       | <b>65.0%</b>        | <b>63.9%</b>        | <b>1.1%</b>      | <b>63.2%</b>        | <b>63.6%</b>        | <b>-0.4%</b>        | <b>63.3%</b>        |

**BMO FIELD  
STATEMENT OF CASH FLOWS**

| <b>NET INFLOW (OUTFLOW) OF CASH RELATED<br/>TO THE FOLLOWING ACTIVITIES</b>       | <b>Seven months ended</b> |                      |
|---|---------------------------|----------------------|
|   | <b>July 31, 2010</b>      | <b>July 31, 2009</b> |
| <b>OPERATING</b>  | \$ 1,289,049              | \$ 1,648,398         |
| <b>FINANCING</b>  | (324,952)                 | -                    |
|   | <b>\$ 964,098</b>         | <b>\$ 1,648,398</b>  |
| <b>Net Cash Inflow (Outflow) during the period</b>                                |                           |                      |
| <b>Cash, beginning of period</b>  | 1,827,610                 | 957,997              |
| <b>Cash, end of period</b>  | <b>\$ 2,791,708</b>       | <b>\$ 2,606,395</b>  |
| <br><b>OPERATING</b>  |                           |                      |
| Operating profit after incentives and rebates                                     | \$ 197,340                | \$ 429,163           |
| Amortization of capital assets  | 23,332                    | -                    |
| Cash provided by (used in) non cash working capital items                         | 1,068,378                 | 1,219,235            |
|   | <b>\$ 1,289,049</b>       | <b>\$ 1,648,398</b>  |
| <br><b>FINANCING</b>  |                           |                      |
| Long-term deposits  | \$ 53,159                 | \$ -                 |
| Distribution of excess cash to owner  | (378,110)                 | -                    |
|   | <b>\$ (324,952)</b>       | <b>\$ -</b>          |
| <br><b>Changes in non-cash working capital balances<br/>related to operations</b> |                           |                      |
| Accounts receivable   | \$ (695,492)              | \$ (809,906)         |
| Prepaid expenses  | (57,941)                  | (81,698)             |
| Inventory   | (167,558)                 | (236,840)            |
| Accounts payable and accrued liabilities  | 2,050,648                 | 2,265,340            |
| Incentives & rebates payable  | (378,110)                 | -                    |
| Taxes payable   | (15,249)                  | (72,655)             |
| Deferred revenue  | 332,081                   | 154,994              |
| Cash provided by (used in ) operating activities                                  | <b>\$ 1,068,378</b>       | <b>\$ 1,219,235</b>  |