

Item No. 6



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

Executive Summary

000's	DECEMBER 2010			FISCAL			
	Actual	Plan	Variance	Actual	Plan	Variance	2009
Revenues	\$ 48	\$ 168	\$ (120)	\$ 7,514	\$ 8,029	\$ (515)	\$ 8,035
Expenses	\$ (202)	\$ (347)	\$ 145	\$ (6,856)	\$ (7,629)	\$ 773	\$ (7,186)
EBITDA (LBITDA)	\$ (154)	\$ (179)	\$ 25	\$ 658	\$ 400	\$ 258	\$ 849
				\$ (325)	\$ (182)	\$ (143)	\$ (386)
				\$ (30)	\$ (35)	\$ 5	\$ (85)
				\$ 303	\$ 183	\$ 120	\$ 378

Less: Rebates and Incentives
Less: Non Cash Revenues
Cash Available for Distribution to
The Board of Governors of Exhibition Place

- For the month ending December 31, 2010, the operating loss before for BMO Field before depreciation, incentives and rebates was \$154K (\$25K favourable to budget). For the year ending December 31, 2010, the operating profit before depreciation, incentives and rebates was \$658K (\$259K favourable to budget). The excess cash distribution payable to The Board of Governors of Exhibition Place is projected to be \$303K (to be finalized upon completion of the audit).
- Total revenues of \$48K for the month were \$120K negative to budget mainly due to no bubble revenue (\$132K) as a result of the bubble relocation to Lamport Stadium in 2009, partially offset by bubble compensation of \$19K received and lower than anticipated contra equipment sponsorship of \$5K. For the year, total revenues of \$7.5M were \$515K unfavourable to budget mainly due to bubble relocation and not hosting budgeted events (six Lacrosse, four CSA, three International, and one TFC playoff game) partially offset by hosting three additional TFC CONCACAF games and the 2010 MLS Cup.
- Total operating expenses of \$202K for the month were \$145K favourable to budget mainly due to lower supplies and services (\$91K), Cost of Goods Sold (\$26K), Full-time Salaries (\$15K), Other expenses (\$14K) and Utilities (\$10K) partially offset by higher Part-time Wages (\$15K). For the year, operating expenses of \$6.9M were \$773K favourable to budget due to lower Supplies & Services (\$388K), Utilities (\$112K), Full-time Salaries (\$114K), Part-time Wages (\$95K), Cost of Goods Sold (\$32K) and Royalties (\$20K). The lower expenses were partially offset by higher Other Expenses (\$9K).
- The Toronto Nationals Lacrosse Club opted not to play their 2010 home games at BMO Field. Included in the annual budget were six lacrosse games. The negative EBITDA impact to the budget for the year was \$128K.
- As per the LOI, six CSA games were included in the budget; however, the CSA has only hosted two games in 2010. The CSA failed to deliver the remaining four games, which resulted in lost EBITDA of \$199K. MLSE's management team is negotiating financial compensation for the shortfall.
- BMO Field exceeded its 2010 EBITDA target of \$400K by \$258K, as the three unbudgeted TFC CONCACAF matches, the 2010 MLS Cup game and operational savings more than offset the losses from not hosting the six MLL games, four CSA games, three International games and one TFC playoff game, which were included budget.

Events hosted by BMO Field:

	DECEMBER 2010			FISCAL			
	Actual	Plan	Variance	Actual	Plan	Variance	2009
<i>TFC Games (MLS, Friendly & CONCACAF)</i>	-	-	-	23	19	4	20
<i>CSA Games</i>	-	-	-	2	6	(4)	1
<i>International Games</i>	-	-	-	1	4	(3)	2
<i>Toronto Nationals (MLL)</i>	-	-	-	-	6	(6)	6
<i>Other Events</i>	-	-	-	1	-	1	3
TOTAL	-	-	-	27	35	(8)	32
<i>Rental (hours)</i>	-	805	(805)	79	3,555	(3,476)	3,210

December 2010 Financials

BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$2.0M increased by \$216K from December 31, 2009. The increase was mainly due to cash from operations before incentives, rebates and excess cash distributions of \$919K, partially offset by the payment of the incentives, rebates and excess cash of \$756K relating to the 2009 season.
- Accounts Receivable of \$258K includes \$151K for 2011 suite licences, \$50K for MLS Cup broadcast charges for line and labour charges, \$23K for December bubble compensation and \$10K for end of season product returns. BMO Field continues to monitor receivables and no collection issues are anticipated. As at January 18, 2011, subsequent receipts were \$87K.
- Accounts Payable and Accrued Liabilities of \$1.4M includes \$473K payable to the CSA for events held at BMO Field in 2009 and 2010, \$400K payable to the City of Toronto for capital expenditure reserve, \$295K in current payables and accruals, \$124K payable to MLSE for shared cost recoveries. The amounts owing to CSA are being held pending resolution of compensation for under delivery of events.
- Incentives & rebates payable of \$325K (\$387K in 2009) will be paid upon completion of the year-end audit. The decrease is attributable to lower operating profits from hosting fewer events than 2009.

PROFIT & LOSS

Year over year, the operating profit before depreciation, incentives and rebates decreased by \$191K mainly due to hosting fewer events and lower attendance at TFC games, partially offset by operational savings.

The operating loss for the month ending December 31, 2010 was \$154K (\$25K favourable to budget). For the year, operating profit before depreciation, incentives and rebates was \$658K (\$259K favourable). The following provides an analysis of the significant variances in the month and year:

Revenues

- Ticketmaster Rebates were even to budget for the year as the unbudgeted TFC games and more tickets available for sale through Ticketmaster as a result of the new north-end grandstands offset the lost events (six MLL, four CSA, and three International games).
- Sponsorship revenues were \$16K unfavourable to budget for the year mainly due to a lower than anticipated CPI increase.
- Contra Sponsorship revenue was \$5K unfavourable to budget as a result of a lower than anticipated Sony agreement signed in 2010. In this agreement, BMO Field receives equipment in lieu of cash.
- Food and Beverage revenues for the year were \$141K negative to budget mainly due to lost events and poor weather resulting in lower attendance at TFC games, which resulted in lower sales.
- Cost of Goods Sold was \$26K favourable to budget in the month as a result of receiving a previously disputed credit for empty keg returns of \$12K and a credit for \$10K due to an over payment to Sysco. Costs of Goods Sold for the year were \$32K positive to budget mainly due to lower food and beverage sales. The gross margin percentage for the year was 63.6% versus 64.0% budgeted as a result of higher than anticipated waste due to poor weather resulting in lower attendance.
- Event Merchandise commissions for the year were \$36K negative to budget due to lower per caps from TFC games (average \$2.21 versus \$2.86) and lost events partially offset by the additional TFC CONCACAF games.
- Suites were \$112K positive to budget for the year due to an increase in nightly rentals as a result of a terminated suite agreement resulting in unplanned inventory available to rent, a new suiteholder (the number of suites available for sale increased to 28 from 27) and nightly rentals from additional TFC CONCACAF games and the 2010 MLS Cup.
- TFC Usage Fees for the year were \$57K positive to budget mainly due to hosting additional unbudgeted TFC CONCACAF games.
- CSA Usage Fees for the year were \$55K negative to budget as a result of not hosting four CSA games at BMO Field.
- CRF revenues for the year were \$43K positive to budget as a result of higher average number of tickets sold per TFC game (20,527 actual versus 17,500 budgeted) due to the addition of the north-end grandstands, and the unbudgeted games. The higher revenues were partially offset by the lost events (six MLL, four CSA, and three International games).
- Other Usage Fees were \$114K unfavourable to budget in the month mainly due to lower net bubble rental revenue (\$114K) as a result of the bubble relocation to Lamport Stadium in 2009, offset by lower expenses in supplies & services and utilities. Other Usage Fees for the year were \$479K negative to budget due to the bubble relocation partially offset by bubble compensation of \$112K and higher broadcast revenue of \$50K. Lost bubble revenues are offset by savings in supplies and services and utilities.

Expenses

- Royalties were \$20K positive for the year as a result of lower food and beverage sales for TFC games, the loss of the CSA games (\$30K) and MLL games (\$20K), partially offset by the additional expenses for unbudgeted TFC CONCACAF games.
- Full-time Salaries were \$15K favourable (\$114K for the year) due to a revised organizational structure.

- Part-time Wages were \$15K unfavourable to budget in the month mainly due an under accrual of MLS Cup labour and stadium shutdown costs. Part-time Wages for the year were \$95K positive to budget as a result of lower event costs (\$161K) partially offset by hosting additional games and higher non-event warehouse labour cost (\$66K) for season opening and event setup.
- Supplies and Services expenses were \$91K favourable to budget in the month mainly due to lower expenses from not operating the bubble. Supplies and Services were \$388K positive to budget for the year mainly due to lower OSA commission (\$87K), cleaning labour and consumables (\$70K), winterization (\$62K), part-time building operations labour (\$26K), security (\$23K), snow removal (\$20K), as a result of relocating the bubble. Other operational savings included staff training (\$27K) and armoured car service (\$17K).
- Utilities were \$10K favourable to budget in the month mainly due to lower hydro costs (\$7K) and gas (\$3K). Utilities for the year were \$112K positive to budget due to lower gas (\$72K) and hydro (\$39K) usage due primarily to the bubble relocation.
- Other Expenses were \$14K favourable to budget in the month mainly due to lower than anticipated telephone cost for broadcast lines. Other Expenses for the year were \$9K negative to budget mainly due to higher telephone costs (\$15K), credit card charges (\$9K) and foreign exchange (\$5K), partially offset by lower F&B copy & printing costs (\$9K).

Submitted by:

Peter Church
General Manager
BMO Field

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Current Assets		
Cash	\$ 2,043,961	\$ 1,827,610
Accounts receivable	258,196	295,175
Prepaid expenses & deposits	63,572	16,970
Inventory	57,090	39,024
	<u>2,422,819</u>	<u>2,178,779</u>
Capital Assets	59,971	80,000
	<u>\$ 2,482,790</u>	<u>\$ 2,258,779</u>
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,430,686	\$ 1,105,665
Taxes payable	111,574	109,768
Deferred revenue	-	8,215
Incentives & rebates payable	333,582	387,020
	<u>1,875,842</u>	<u>1,610,669</u>
Long-Term Suite Deposits	243,159	190,000
Retained Earnings	363,789	458,110
	<u>\$ 2,482,790</u>	<u>\$ 2,258,779</u>
Opening Retained Earnings	\$ 458,110	\$ 199,325
Operating Profit	283,789	377,868
Distribution of Excess Cash	(378,110)	(119,083)
Closing Retained Earnings	<u>\$ 363,789</u>	<u>\$ 458,110</u>

BMO FIELD
INCOME STATEMENT
For the Twelve Months Ending December 31, 2010

	December 2010			FISCAL			
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	2009
Revenues							
Ticketmaster Rebates	\$ -	\$ -	\$ -	\$ 199,189	\$ 198,470	\$ 719	\$ 292,334
Club Fees	-	-	-	77,335	78,913	(1,578)	78,913
Sponsorship	-	-	-	791,952	807,668	(15,716)	789,583
Contra Sponsorship	29,956	35,000	(5,044)	29,956	35,000	(5,044)	85,000
Food and Beverage	(67)	-	(67)	4,170,006	4,310,677	(140,671)	4,180,665
F&B Third Party Commissions	-	-	-	246,716	242,874	3,843	231,448
Event Merchandise	-	-	-	74,841	111,051	(36,209)	92,408
Suites	-	-	-	734,796	622,541	112,255	557,452
TFC Usage Fee	-	-	-	364,320	306,914	57,406	328,065
CSA Usage Fee	-	-	-	20,854	76,000	(55,146)	8,910
CRF	(106)	-	(106)	407,309	364,196	43,113	419,249
Other Usage Fee	18,627	132,762	(114,136)	324,930	804,348	(479,418)	793,843
Other Revenue	-	-	-	71,827	70,000	1,827	177,436
Total Revenues	\$ 48,410	\$ 167,762	\$ (119,352)	\$ 7,514,032	\$ 8,028,651	\$ (514,619)	\$ 8,035,305
Expenses							
Cost of Goods Sold	(26,250)	-	26,250	1,518,253	1,549,986	31,733	1,574,412
Royalty	-	-	-	1,068,462	1,088,632	20,170	1,056,517
Full-Time Salaries	42,744	58,157	15,413	672,667	786,804	114,137	735,001
Part-Time Wages	16,722	1,631	(15,091)	1,104,346	1,199,375	95,029	965,584
Benefits	7,502	9,744	2,241	121,958	132,930	10,971	131,642
Travel and Entertainment	263	200	(63)	9,639	19,103	9,464	10,388
Supplies and Services	58,781	150,193	91,412	972,312	1,359,990	387,678	1,335,085
Insurance	11,440	11,003	(437)	134,602	132,034	(2,568)	129,110
Utilities	41,608	52,000	10,392	413,691	525,400	111,709	409,059
Capital Reserve	33,337	33,333	(4)	400,000	400,000	-	400,000
Management Fee	17,600	17,948	348	211,200	215,378	4,178	210,555
Other	(1,089)	12,825	13,914	228,456	219,540	(8,916)	228,306
Total Operating Expenses	\$ 202,658	\$ 347,033	\$ 144,376	\$ 6,855,586	\$ 7,629,172	\$ 773,587	\$ 7,185,659
Operating profit before Depreciation, Incentives & Rebates							
	\$ (154,247)	\$ (179,271)	\$ 25,024	\$ 658,446	\$ 399,479	\$ 258,967	\$ 849,647
Depreciation	(13,320)	(3,337)	(9,983)	(49,985)	(40,000)	(9,985)	(85,000)
Net Operating Profit after Depreciation, before Incentives & Rebates							
	\$ (167,567)	\$ (182,608)	\$ 15,041	\$ 608,461	\$ 359,479	\$ 248,982	\$ 764,647
2010 Incentives & Rebates	(124,672)	-	(124,672)	(324,672)	(182,240)	(142,433)	(386,778)
Net Operating Profit after Incentives & Rebates	\$ (292,239)	\$ (182,608)	\$ (109,631)	\$ 283,789	\$ 177,240	\$ 106,549	\$ 377,868
Food & Beverage Gross Margin %				63.6%	64.0%		62.3%

BMO FIELD
STATEMENT OF CASH FLOWS

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Twelve months ended	
	December 31, 2010	December 31, 2009
OPERATING	\$ 571,259	\$ 1,136,821
INVESTING	(29,956)	(120,000)
FINANCING	(324,952)	(147,208)
Net Cash Inflow (Outflow) during the period	\$ 216,351	\$ 869,613
Cash, beginning of period	1,827,610	957,997
Cash, end of period	\$ 2,043,961	\$ 1,827,610
OPERATING		
Operating profit after incentives and rebates	\$ 283,789	\$ 377,868
Amortization of capital assets	49,985	85,000
Cash provided by (used in) non cash working capital items	237,485	673,953
	\$ 571,259	\$ 1,136,821
INVESTING		
Acquisition of capital assets	\$ (29,956)	\$ (120,000)
	\$ (29,956)	\$ (120,000)
FINANCING		
Long-term deposits	\$ 53,159	\$ (28,125)
Distribution of excess cash to owner	(378,110)	(119,083)
	\$ (324,952)	\$ (147,208)
Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ 36,979	\$ (43,889)
Prepaid expenses	(46,601)	10,680
Inventory	(18,066)	(8,724)
Accounts payable and accrued liabilities	325,021	624,473
Incentives & rebates payable	(53,438)	268,179
Taxes payable	1,806	(30,463)
Deferred revenue	(8,215)	(146,303)
Cash provided by (used in) operating activities	\$ 237,485	\$ 673,953