

Item No. 9



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

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## Executive Summary

000's	NOVEMBER 2010			YTD (11 Months)			
	Actual	Plan	Variance	Actual	Plan	Variance	2009
<b>Revenues</b>	\$ 299	\$ 334	\$ (35)	\$ 7,466	\$ 7,861	\$ (395)	\$ 7,919
<b>Expenses</b>	\$ (436)	\$ (450)	\$ 14	\$ (6,653)	\$ (7,282)	\$ 629	\$ (7,041)
<b>EBITDA (LBITDA)</b>	\$ (137)	\$ (116)	\$ (21)	\$ 813	\$ 579	\$ 234	\$ 878

- For the month ending November 30, 2010, the operating loss before depreciation for BMO Field was \$137K (\$21K unfavourable to budget).
- Total revenues of \$299K for the month were \$35K negative to budget mainly due to lower than budgeted food and beverage sales (\$48K), lower Other Usage Fee (\$40K), partially offset by higher Suite revenue (\$45K) and Ticketmaster Rebates (\$7K).
- Total operating expenses of \$436K for the month were \$14K favourable to budget mainly due to lower food and beverage sales resulting in lower event related expenses. Expenses were lower in the month due to Cost of Goods Sold (\$15K), Royalties (\$12K) and Full-time Salaries (\$6K). The lower expenses were partially offset by higher Supplies & Services (\$12K), Other Expenses (\$9K) and Part-time Wages (\$3K).
- 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 \$150K.
- 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. MLSE's management team is negotiating financial compensation for the shortfall.
- BMO Field is projecting to exceed its 2010 EBITDA target of \$400K, as the four unbudgeted TFC CONCACAF matches, the 2010 MLS Cup game and operational savings will 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:

	NOVEMBER 2010			YTD (11 Months)			
	Actual	Plan	Variance	Actual	Plan	Variance	2009
<b>TFC Games (MLS, Friendly &amp; CONCACAF)</b>	1	1	-	23	19	4	20
<b>CSA Games</b>	-	-	-	2	6	(4)	1
<b>International Games</b>	-	-	-	1	4	(3)	2
<b>Toronto Nationals (MLL)</b>	-	-	-	-	6	(6)	6
<b>Other Events</b>	-	-	-	1	-	1	3
<b>TOTAL</b>	1	1	-	27	35	(8)	32
<b>Rental (hours)</b>	-	403	(403)	79	2,750	(2,671)	3,210

## November 2010 Financials

### BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$2.4M increased by \$1.1M from November 30, 2009. The increase was mainly due to cash from operations before incentives, rebates and excess cash distributions of \$1.9M, partially offset by the payment of the incentives, rebates and excess cash of \$756K relating to the 2009 season.
- Accounts Receivable of \$330K was made up primarily of MLS Cup game settlements of \$237K to be collected in December, November Pinnacle settlement of \$16K, and Ticketmaster rebates and advances of \$9K. BMO Field continues to monitor receivables and no collection issues are anticipated.
- Accounts Payable and Accrued Liabilities of \$1.8M includes \$848K in current payables and accruals, \$473K payable to the CSA for events held at BMO Field in 2009 and 2010, and \$267K payable to MLSE for shared cost recoveries and Ticketmaster advances.

### PROFIT & LOSS

LBITDA for BMO Field for the month ending November 30, 2010 was \$137K (\$21K unfavourable to budget). The following provides an analysis of the significant variances in the month:

#### Revenues

- Ticketmaster Rebates were \$7K favourable to budget in the month due to higher online ticket sales from the event in the month. Year to date, Ticketmaster Rebates were even to budget 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).
- Food and Beverage revenues were \$48K unfavourable to budget in the month mainly due to lower than anticipated attendance at the 2010 MLS Cup versus the budgeted sales for the TFC playoff game in budget. Year to date, Food and Beverage revenues were \$140K negative to budget mainly due to lost events and poor weather resulting in lower attendance at TFC games early in the year which resulted in lower sales.
- Cost of Goods Sold was \$15K favourable to budget in the month as a result of lower food and beverage sales. For the month, the gross margin percentage was 58.4% versus 60.7% budgeted as a result of additional end of season product waste. Year to date, Costs of Goods Sold were \$5K positive to budget and the gross margin percentage was 63.0% versus 64.0% budgeted.
- Event Merchandise commissions were \$3K unfavourable to budget in the month mainly due to lower per cap from the 2010 MLS Cup of \$2.98 actual versus \$4.00 budgeted for the TFC playoff game. Year to date, Event Merchandise commissions 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 \$45K favourable to budget for the month mainly due to nightly rentals from the 2010 MLS Cup as the game was not an included event for the Suite Licencees. Year to date, Suites were \$112K positive to budget 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 were flat to budget in the month. Year to date, TFC Usage Fees were \$58K positive to budget mainly due to hosting additional unbudgeted TFC CONCACAF games.
- Year to date, CSA Usage Fees were \$58K negative to budget as a result of not hosting four CSA games at BMO Field.
- CRF revenues were flat to budget in the month. Year to date, CRF revenues 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 from unbudgeted games, offset by the loss of CSA, International and MLL games.
- Other Usage Fees were \$40K unfavourable to budget in the month mainly due to lower net bubble rental revenue (\$47K) as a result of the bubble relocation to Lamport Stadium in 2009, partially offset by higher broadcast revenue (\$7K). Year to date, Other Usage Fees were \$365K negative to budget due to the bubble relocation partially offset by bubble compensation of \$93K and higher broadcast revenue of \$50K. Lost bubble revenues are offset by savings in supplies and services and utilities.

## Expenses

- Royalties were \$12K favourable to budget in the month due to lower food and beverage sales from the 2010 MLS Cup game versus the TFC playoff game budgeted. Year to date, Royalties were \$20K positive as a result of lower food and beverage sales at TFC games, the loss of the CSA games (\$30K) and MLL games (\$20K), partially offset by the additional TFC CONCACAF games.
- Full-time Salaries were \$6K favourable (year to date, \$99K) due to a revised organizational structure.
- Part-time Wages were \$3K unfavourable to budget in the month mainly due higher than budget end of season shutdown. Year to date, Part-time Wages were \$110K positive to budget as a result of lower event costs (\$176K) 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 \$12K unfavourable to budget in the month mainly due to higher cost associated with hosting the 2010 MLS Cup, partially offset by savings from not operating the bubble. Year to date, Supplies and Services were \$296K positive to budget mainly due lower OSA commission (\$72K), cleaning labour and consumables (\$63K), winterization (\$25K), part-time building operations labour (\$23K), security (\$19K), snow removal (\$17K), as a result of relocating the bubble. Other operational savings included; staff training (\$26K) and armoured car service (\$13K).
- Utilities were \$3K favourable to budget in the month mainly due to lower hydro costs (\$3K). Year to date, Utilities were \$101K positive to budget due to lower gas (\$69K) and hydro (\$31K) usage due primarily to the bubble relocation.

- Other Expenses were \$9K unfavourable to budget in the month due primarily to higher telephone costs (\$8K) from adding additional lines for broadcast of the 2010 MLS Cup. Year to date, Other Expenses were \$23K negative to budget mainly due to higher telephone costs (\$29K), credit card charges (\$9K), and foreign exchange (\$4K), partially offset by lower F&B copy & printing costs (\$9K).

## **Food & Beverage**

The 2010 MLS Cup game generated overall Food and Beverage revenues of \$225K versus \$264K budgeted for a TFC playoff game, due to lower attendance.

The overall Food and Beverage per cap for the month was \$16.37 (year to date, \$13.95) including Pinnacle and Outside Contractors. BMO Field Quick Serve per cap was \$11.31 in the month (year to date, \$10.82).

Submitted by:

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Peter Church  
General Manager  
BMO Field

**BMO FIELD**  
**BALANCE SHEET**  
as at November 30, 2010

	<u>November 30, 2010</u>	<u>November 30, 2009</u>	<u>December 31, 2009</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 2,410,374	\$ 1,273,805	\$ 1,827,610
Accounts receivable	329,824	984,184	295,175
Taxes recoverable	63,487	15,142	-
Prepaid expenses & deposits	23,664	39,383	16,970
Inventory	69,237	34,994	39,024
	<u>2,896,588</u>	<u>2,347,508</u>	<u>2,178,779</u>
Capital Assets	43,334	45,000	80,000
	<u>\$ 2,939,922</u>	<u>\$ 2,392,508</u>	<u>\$ 2,258,779</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 1,831,825	\$ 1,214,963	\$ 1,105,665
Taxes payable	-	-	109,768
Deferred revenue	-	960	8,215
Incentives & rebates payable	208,910	250,000	387,020
	<u>2,040,735</u>	<u>1,465,923</u>	<u>1,610,669</u>
Long-Term Suite Deposits	243,159	218,125	190,000
Retained Earnings	656,028	708,460	458,110
	<u>\$ 2,939,922</u>	<u>\$ 2,392,508</u>	<u>\$ 2,258,779</u>
Opening Retained Earnings	\$ 458,110	\$ 199,325	\$ 199,325
Operating Profit	576,028	627,976	377,868
Distribution of Excess Cash	(378,110)	(118,841)	(119,083)
Closing Retained Earnings	<u>\$ 656,028</u>	<u>\$ 708,460</u>	<u>\$ 458,110</u>

**BMO FIELD**  
**INCOME STATEMENT**  
For the Eleven Months Ending November 30, 2010

	November 2010			YTD			
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	2009
<b>Revenues</b>							
Ticketmaster Rebates	\$ 7,889	\$ 1,370	\$ 6,519	\$ 199,189	\$ 198,470	\$ 719	\$ 287,815
Club Fees	-	-	-	77,335	78,913	(1,578)	78,913
Sponsorship	-	-	-	791,952	807,668	(15,716)	789,583
Food and Beverage	159,490	207,021	(47,531)	4,170,073	4,310,677	(140,604)	4,180,665
F&B Third Party Commissions	15,525	12,618	2,908	246,716	242,874	3,843	231,448
Event Merchandise	3,671	6,300	(2,629)	74,841	111,051	(36,209)	92,408
Suites	47,532	2,057	45,475	734,796	622,541	112,255	557,452
TFC Usage Fee	15,840	16,153	(313)	364,320	306,914	57,406	328,065
CSA Usage Fee	-	-	-	18,493	76,000	(57,507)	8,910
CRF	15,607	15,200	407	407,414	364,196	43,218	419,249
Other Usage Fee	32,605	73,031	(40,426)	306,303	671,586	(365,283)	768,348
Other Revenue	1,124	-	1,124	74,189	70,000	4,189	175,676
<b>Total Revenues</b>	<b>\$ 299,282</b>	<b>\$ 333,750</b>	<b>\$ (34,468)</b>	<b>\$ 7,465,622</b>	<b>\$ 7,860,889</b>	<b>\$ (395,268)</b>	<b>\$ 7,918,532</b>
<b>Expenses</b>							
Cost of Goods Sold	66,410	81,358	14,948	1,544,502	1,549,986	5,484	1,585,468
Royalties	43,172	54,865	11,693	1,068,462	1,088,632	20,170	1,056,517
Full-Time Salaries	52,471	58,157	5,685	629,923	728,648	98,725	681,040
Part-Time Wages	54,857	51,810	(3,047)	1,087,624	1,197,744	110,121	965,018
Benefits	8,367	9,744	1,377	114,456	123,186	8,730	122,400
Travel and Entertainment	124	786	662	9,376	18,903	9,527	10,345
Supplies and Services	87,445	75,150	(12,295)	913,531	1,209,797	296,266	1,327,383
Insurance	11,440	11,003	(437)	123,162	121,031	(2,131)	107,620
Utilities	38,562	42,000	3,438	372,084	473,400	101,316	397,701
Capital Reserve	33,333	33,333	-	366,663	366,667	4	366,663
Management Fee	17,600	17,948	348	193,600	197,430	3,830	193,009
Other Expenses	22,690	13,353	(9,337)	229,545	206,714	(22,831)	227,393
<b>Total Operating Expenses</b>	<b>\$ 436,472</b>	<b>\$ 449,506</b>	<b>\$ 13,034</b>	<b>\$ 6,652,928</b>	<b>\$ 7,282,139</b>	<b>\$ 629,211</b>	<b>\$ 7,040,556</b>
<b>Operating profit before Depreciation, Incentives &amp; Rebates</b>	<b>\$ (137,189)</b>	<b>\$ (115,756)</b>	<b>\$ (21,433)</b>	<b>\$ 812,694</b>	<b>\$ 578,751</b>	<b>\$ 233,943</b>	<b>\$ 877,976</b>
Depreciation	(3,333)	(3,333)	-	(36,666)	(36,663)	(3)	-
<b>Net Operating Profit after Depreciation, before Incentives &amp; Rebates</b>	<b>\$ (140,523)</b>	<b>\$ (119,089)</b>	<b>\$ (21,433)</b>	<b>\$ 776,028</b>	<b>\$ 542,088</b>	<b>\$ 233,940</b>	<b>\$ 877,976</b>
<b>2010 Incentives &amp; Rebates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200,000)</b>	<b>-</b>	<b>(200,000)</b>	<b>(250,000)</b>
<b>Net Operating Profit after Incentives &amp; Rebates</b>	<b>\$ (140,523)</b>	<b>\$ (119,089)</b>	<b>\$ (21,433)</b>	<b>\$ 576,028</b>	<b>\$ 542,088</b>	<b>\$ 33,940</b>	<b>\$ 627,976</b>
<b>Food &amp; Beverage Gross Margin %</b>	<b>58.4%</b>	<b>60.7%</b>		<b>63.0%</b>	<b>64.0%</b>		<b>62.1%</b>

**BMO FIELD**  
**STATEMENT OF CASH FLOWS**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Eleven months ended	
	November 30, 2010	November 30, 2009
OPERATING	\$ 907,716	\$ 434,650
FINANCING	(324,952)	(118,841)
	\$ 582,765	\$ 315,808
<b>Net Cash Inflow (Outflow) during the period</b>	<b>\$ 582,765</b>	<b>\$ 315,808</b>
<b>Cash, beginning of period</b>	<b>1,827,610</b>	<b>957,997</b>
<b>Cash, end of period</b>	<b>\$ 2,410,374</b>	<b>\$ 1,273,805</b>
<b>OPERATING</b>		
Operating profit after incentives and rebates	\$ 576,028	\$ 627,976
Amortization of capital assets	36,666	-
Cash provided by (used in) non cash working capital items	295,023	(193,327)
	\$ 907,716	\$ 434,650
<b>FINANCING</b>		
Long-term deposits	\$ 53,159	\$ -
Distribution of excess cash to owner	(378,110)	(118,841)
	\$ (324,952)	\$ (118,841)
Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ (34,649)	\$ (732,899)
Prepaid expenses	(6,694)	(11,733)
Inventory	(30,214)	(4,694)
Accounts payable and accrued liabilities	726,160	733,771
Incentives & rebates payable	(178,110)	131,159
Taxes payable	(173,255)	(155,373)
Deferred revenue	(8,215)	(153,558)
Cash provided by (used in ) operating activities	\$ 295,023	\$ (193,327)