

Item No. 26



Management Report
for
The Board of Governors of Exhibition Place
December 2013

Executive Summary

\$ 000's	Month			YTD			
	Actual	Budget	Variance	Actual	Budget	Variance	2012
Revenues	38	26	12	7,610	8,565	(955)	8,049
Expenses	(294)	(217)	(77)	(6,727)	(7,946)	1,219	(7,301)
Operating Profit / (Loss)	(256)	(191)	(65)	883	619	264	748
				(463)	(275)	(188)	(388)
				(3)	(30)	27	(28)
				417	314	103	332

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

- For the year ending December 31, 2013, BMO Field exceeded its 2013 operating profit target of \$619K by \$264K. The favourable variance was primarily the result of lower full time salaries and benefits (\$155K) due to vacancies, lower supplies and services (\$108K), lower miscellaneous expenses (\$40K) and lower travel and entertainment (\$18K). In addition, the profitable event mix for the season (\$6K) was due to the three Rugby matches (\$625K) and CSA match (\$8K) offsetting the net losses from TFC games (\$537K) and one international friendly (\$90K). These favourable variances were partially offset by the unbudgeted realty sign taxes from the City of Toronto for current and past fiscal periods (\$72K).
- Total revenues for the year of \$7.6M were \$955K unfavourable to budget mainly due to lower food and beverage revenue (\$1.1M), food and beverage third party commissions (\$50K), CRF (\$48K), suite revenues (\$43K), TFC usage fees (\$34K), and CSA usage fees (\$16K). These negative variances were partially offset by higher Ticketmaster rebates (\$183K), other usage fees (\$101K), and additional ancillary event revenues (\$106K).
- Total operating expenses for the year of \$6.7M were \$1.2M favourable to budget mainly due to lower food and beverage royalties (\$383K), cost of goods sold (\$339K), part-time wages (\$201K), savings in full-time salaries and benefits due to vacancies (\$156K), and lower supplies and services savings (\$108K).
- The excess cash distribution payable to The Board of Governors of Exhibition Place is projected to be \$417K (to be finalized upon completion of the year-end audit).

Events hosted by BMO Field:

	Month			YTD			2012
	Actual	Plan	Variance	Actual	Plan	Variance	Actual
TFC Games (MLS, Friendlies & CONCACAF)	-	-	-	17	20	(3)	22
CSA Games	-	-	-	1	4	(3)	4
International Games	-	-	-	5	2	3	1
TOTAL	-	-	-	23	26	(3)	27
Field Rental Hours	-	-	-	97	126	(29)	80

December 2013 Financials

BALANCE SHEET

The following provides an analysis of key balance sheet items:

- Cash of \$1.5M decreased by \$111K from December 31, 2012 due to the payment of the 2012 incentives, rebates and excess cash of \$334K during the year partially offset by cash received from operations of \$223K.
- Accounts receivable of \$1.5M includes MLSE receivables (\$1.1M), operating receivables (\$203K), CSA receivable (\$84K), the capital reserve receivable from the City of Toronto (\$35K) and Ticketmaster receivables (\$17K). Subsequent receipts as of January 15th were \$218K. BMO Field is currently monitoring receivables and one collection issue was identified relating to suite license fees which have been provided for.
- The year over year increase in accounts receivable of \$1.0M was due primarily to the timing of collection of MLSE receivables (\$946K), the capital reserve receivable from the City of Toronto (\$35K), and Ticketmaster receivables (\$9K).
- Accounts payable and accrued liabilities of \$1.7M were primarily made up of MLSE cost recoveries (\$981K), general liabilities (\$343K), operating payables (\$253K), and Ticketmaster liabilities (\$164K).
- The year over year increase in accounts payable and accrued liabilities of \$738K was due primarily to an increase in MLSE cost recoveries (\$908K), Ticketmaster liabilities (\$165K) and general liabilities (\$40K) partially offset by the timing of payment of operating payables (\$262K) and event settlements (\$113K).
- Incentives & rebates payable of \$463K (\$388K in 2012) will be paid upon completion of the year-end audit.

INCOME STATEMENT

The operating loss for the month ending December 31, 2013 of \$255K was \$65K unfavourable to budget mainly due to higher supplies and services (\$50K) and utilities (\$32K) partially offset by savings in full time salaries (\$6K) and suite royalties (\$5K).

For the year, operating profit before depreciation, incentives and rebates of \$883K was \$263K favourable to budget. Year over year, the operating profit before depreciation, incentives and rebates increased by \$134K mainly due to higher profits from the three Rugby events and operational savings. The following provides an analysis of the significant variances in the year.

Revenues

- Ticketmaster rebates were \$183K favourable to budget for the year mainly due to higher ticketing rebates and service fees from the Rugby matches (\$151K), TFC games (\$21K), and the international friendly match (\$9K). The additional rebates generated from the Canada versus USA CSA game were offset from the lost rebates of not hosting three additional CSA games that were in budget.
- Contra sponsorship revenue was \$27K unfavourable to budget for the year mainly due to lower partner resources allocated to the stadium for the 2013 season.
- Food and beverage revenues were \$1.1M unfavourable to budget mainly due lower than anticipated sales at the TFC games due to lower stipe count and per caps (\$1.3M), not hosting three additional CSA games (\$184K), and lower sales from the international friendly match (\$109K). These shortfalls were partially offset by sales from the Rugby matches (\$401K) and higher sales at the Canada versus USA CSA game (\$110K).
- Cost of goods sold was \$339K favourable to budget for the year mainly due to lower sales from the TFC games (\$429K) and international game (\$33K) partially offset by higher costs from the additional sales from the Rugby matches (\$136K). Margins for the year were 0.3% below target due to product mix and higher than anticipated spoilage.
- Food and beverage third party commissions were \$50K unfavourable to budget mainly due to lower third party vendor commissions from the TFC games (\$61K), not hosting three additional CSA games (\$7K) and lower commissions from the international game (\$6K). These shortfalls were partially offset by higher commissions from the Rugby matches (\$25K).
- Suites revenue was \$43K unfavourable to budget primarily due to lower than anticipated demand for season suite rentals (\$83K) partially offset by higher nightly rentals (\$33K) and additional suite tickets sold (\$7K).
- TFC usage fees were \$34K unfavourable to budget mainly due to not hosting the home opener due to risk of weather conditions (\$17K) and TFC not advancing to the final round of the Amway Canadian Championship (\$17K).

- CSA usage fees for the month were \$14K favourable to budget due to the end of season settlement adjustment based on CSA not meeting their season stile count target. For the year, usage fees were \$16K unfavourable as a result of not hosting three additional games during the season.
- CRF was \$48K unfavourable to budget primarily due to lower revenue generated from TFC games due to two less games (\$40K) and softness in ticket sales (\$23K), not hosting three additional CSA games (\$37K), and lower funds generated from the international friendly (\$15K). These shortfalls were partially offset by higher sales from the three Rugby matches (\$54K) and the Canada versus USA CSA game (\$20K).
- Other usage fees were \$14K unfavourable in the month mainly due to the end of season settlement adjustment based on CSA not meeting their season stile count target. For the year, other usage fees were \$101K favourable to budget primarily due to higher event fees generated from the Rugby matches (\$96) and additional broadcast billings as a result of increased production demands from visiting teams (\$10K).
- Other revenues were \$106K favourable to budget mainly due to additional ancillary revenue from the Rugby and CSA matches (\$40K), additional credit card charge rebates from Ticketmaster (\$40K), and additional ticket office fees earned from all events (\$25K).

Expenses

- Food and beverage royalties payable were \$383K favourable to budget due to lower sales at TFC games (\$374K) and not hosting three additional CSA games (\$21K) partially offset by higher royalties paid to the CSA due to higher match day sales at the Canada versus USA match (\$11K).
- Suite royalties payable to TFC were \$45K favourable to budget mainly due to lower season suites sales (\$38K) and lower nightly rentals and additional ticket sales for TFC games (\$7K).
- Full-time salaries and benefits were \$155K favourable to budget due primarily to vacancies throughout the year across multiple departments.
- Part-time wages were \$201K favourable to budget in the year mainly due to savings from TFC game day event staff based on lower staffing requirements (\$132), not hosting three CSA games (\$75K), lower season start-up staff costs (\$20K), and lower staff costs from the international friendly (\$13K). These savings were partially offset by higher staffing costs from the additional Rugby matches (\$38K).
- Travel and entertainment was \$18K favourable to budget primarily due to management's decision to reduce costs where applicable throughout the year.
- Supplies and services expenses for the month were \$50K unfavourable to budget mainly due to higher maintenance costs (\$27K), trades labour (\$11K) and timing of event costs (\$11K). For the year they, supplies and services were \$108K favourable to budget mainly due to savings in equipment leases (\$29K), IT costs (\$23K), HR costs (\$19K), stadium winterization (\$17K), recycling costs (\$16K), outside contractors (\$13K), event expenses (\$10K), uniforms (\$8K), suite

amenities (\$8K), and office supplies (\$8K). These savings are partially offset by additional Rugby Canada marketing expenses (\$25K), higher maintenance costs (\$22K), and higher concession signage costs (\$12K).

- Realty taxes were \$72K unfavourable as there was a new unbudgeted third party sign tax payable to the City of Toronto for BMO Field relating to the Gardiner Expressway visible LED sign. Included in this amount is a catch-up for prior periods. The expense going forward is estimated to be \$24K per year.
- Utilities for the month were \$32K unfavourable to budget mainly due to higher hydro charges for the fourth quarter (\$20K), gas charges (\$6K) and water charges (\$6K).
- Other expenses were \$40K favourable to budget mainly due to lower telephone charges (\$37K).

Submitted by:

Peter Church
General Manager
BMO Field

BMO FIELD
BALANCE SHEET
as at December 31, 2013

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
ASSETS		
Current Assets		
Cash	\$ 1,512,181	\$ 1,623,254
Accounts receivable	1,474,622	351,134
Taxes recoverable	90,503	6,239
Prepaid expenses & deposits	4,521	3,985
Inventory	43,962	18,002
	<u>3,125,789</u>	<u>2,002,614</u>
Capital Assets	22,248	34,129
	<u>\$ 3,148,037</u>	<u>\$ 2,036,743</u>
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,742,388	\$ 1,003,617
Taxes payable	-	-
Deferred revenue	301,384	36,227
Incentives & rebates payable	462,546	387,943
	<u>2,506,318</u>	<u>1,427,787</u>
Long-Term Suite Deposits	204,704	240,704
Retained Earnings	437,015	368,252
	<u>\$ 3,148,037</u>	<u>\$ 2,036,743</u>
STATEMENT OF RETAINED EARNINGS		
Opening Retained Earnings	\$ 368,252	\$ 556,839
Net Profit	402,890	342,228
Distribution of Excess Cash to BOG	(334,128)	(530,815)
Closing Retained Earnings	<u>\$ 437,015</u>	<u>\$ 368,252</u>

BMO FIELD
INCOME STATEMENT
For the Month and the Twelve Months Ending December 31, 2013

	Month			YTD			
	Actual	Budget	Variance \$	Actual	Budget	Variance \$	2012
Revenues							
Ticketmaster Rebates	\$ 292	\$ -	\$ 292	\$ 412,966	\$ 229,990	\$ 182,976	\$ 242,754
Club Fees	2,629	-	2,629	77,729	78,266	(537)	78,265
Sponsorship	-	-	-	849,697	858,195	(8,498)	841,365
Contra Sponsorship	-	2,500	(2,500)	2,830	30,000	(27,170)	28,086
Food and Beverage	-	-	-	3,451,952	4,571,667	(1,119,715)	4,064,617
F&B Third Party Commissions	-	-	-	219,280	268,944	(49,664)	241,354
Event Merchandise	68	-	68	81,698	80,077	1,621	68,853
Suites	5,519	-	5,519	1,205,012	1,247,798	(42,786)	1,221,372
TFC Usage Fee	-	-	-	308,880	343,200	(34,320)	362,130
CSA Usage Fee	13,959	-	13,959	44,943	60,800	(15,857)	72,448
CRF	260	-	260	389,779	437,422	(47,643)	402,704
Other Usage Fee	6,571	20,231	(13,660)	419,874	319,334	100,540	348,262
Other Revenue	9,160	3,302	5,858	145,489	39,618	105,871	77,011
Total Revenues	\$ 38,458	\$ 26,033	\$ 12,425	\$ 7,610,129	\$ 8,565,311	\$ (955,182)	\$ 8,049,221
Expenses							
Cost of Goods Sold	\$ 698	\$ -	\$ (698)	\$ 1,079,126	\$ 1,418,209	\$ 339,083	\$ 1,424,266
Food & Beverage Royalties	979	-	(979)	732,181	1,115,404	383,223	1,042,963
Suite Royalties	(5,828)	-	5,828	516,689	561,509	44,820	547,977
Full-Time Salaries	53,672	59,957	6,285	668,590	788,968	120,378	638,367
Part-Time Wages	6,196	-	(6,196)	902,032	1,103,206	201,174	921,200
Benefits	8,383	11,151	2,768	113,128	147,714	34,586	112,560
Travel and Entertainment	1,013	1,313	300	10,603	28,789	18,186	12,207
Supplies and Services	96,918	47,046	(49,872)	1,259,091	1,367,458	108,367	1,196,148
Insurance	11,625	11,625	-	139,500	139,500	-	139,709
Realty Tax	2,382	-	(2,382)	72,382	-	(72,382)	-
Utilities	54,841	22,000	(32,841)	405,117	400,000	(5,117)	443,767
Capital Reserve	34,640	34,986	346	415,680	419,832	4,152	411,556
Management Fee	18,873	19,072	199	226,476	228,864	2,388	224,376
Other	9,212	9,380	168	186,555	226,238	39,683	185,428
Total Operating Expenses	\$ 293,604	\$ 216,530	\$ (77,074)	\$ 6,727,150	\$ 7,945,691	\$ 1,218,541	\$ 7,300,524
Operating Profit (Loss)	\$ (255,146)	\$ (190,497)	\$ (64,649)	\$ 882,979	\$ 619,620	\$ 263,359	\$ 748,697
Depreciation	1,432	3,333	1,901	17,542	40,000	22,458	18,526
Profit (Loss) before Incentives & Rebates	\$ (256,578)	\$ (193,830)	\$ (62,748)	\$ 865,437	\$ 579,620	\$ 285,817	\$ 730,171
Incentives & Rebates	\$ 462,547	\$ 275,000	\$ (187,547)	\$ 462,547	\$ 275,000	\$ (187,547)	\$ 387,943
Net Profit (Loss)	\$ (719,125)	\$ (468,830)	\$ (250,295)	\$ 402,890	\$ 304,620	\$ 98,270	\$ 342,228
F&B Gross Margin %	0.0%	0.0%	0.0%	68.7%	69.0%	-0.3%	65.0%

**BMO FIELD
STATEMENT OF CASH FLOWS**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Twelve months ending	
	December 31, 2013	December 31, 2012
OPERATING	\$ 264,716	\$ (261,288)
INVESTING	(5,661)	(26,629)
FINANCING	(370,128)	(533,270)
	\$ (111,073)	\$ (821,187)
Net Cash Inflow during the period	\$ (111,073)	\$ (821,187)
Cash, beginning of period	1,623,254	2,444,441
Cash, end of period	\$ 1,512,181	\$ 1,623,254
OPERATING		
Net profit	\$ 402,890	\$ 342,228
Amortization of capital assets	17,542	18,526
Cash invested in non cash working capital items	(155,716)	(622,042)
	\$ 264,716	\$ (261,288)
 INVESTING		
Acquisition of capital assets	\$ (5,661)	\$ (26,629)
	\$ (5,661)	\$ (26,629)
 FINANCING		
Long-term deposits	\$ (36,000)	\$ (2,455)
Distribution of excess cash to owner	(334,128)	(530,815)
	\$ (370,128)	\$ (533,270)
Changes in non-cash working capital balances related to operations		
Accounts receivable	\$ (1,123,488)	\$ 80,597
Taxes recoverable	(84,264)	27,379
Prepaid expenses	(536)	33,579
Inventory	(25,960)	4,885
Accounts payable and accrued liabilities	738,772	(624,609)
Incentives & rebates payable	74,603	(180,100)
Deferred revenue	265,157	36,227
Cash invested in non-cash working capital items	\$ (155,716)	\$ (622,042)