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Management Report – December 2007

Executive Summary

- Operating Profit for BMO Field for the year ending December 31, 2007 before Incentives & Rebates was \$1.07M
- Operating Profit before Incentives & Rebates – excluding non cash items (contra sponsorship revenue and depreciation expense) was \$980K.
- During the year BMO Field hosted 15 MLS TFC games, 2 Friendly TFC games, 2 CSA games, FIFA U-20 Tournament and one concert (Genesis). In addition there were field rentals throughout most of the year including winter field rentals under the bubble.

December 2007 Financials

Operating Profit available for distribution for BMO Field for the year ending December 31, 2007 was \$980K (excluding non cash items) compared to a budget of \$44. The following provides an analysis of the year to date figures for the year ending December 31, 2007;

- Food and Beverage revenues were \$827K, or 21%, higher than budgeted for the year. The increased revenues related to higher attendance and higher per caps than anticipated. The attendance figures for the FIFA U-20 Tournament were 24% higher (average attendance was 17,353 for the 9 event days compared to a budgeted figure of 14,000). The TFC games had a 14% increase in attendance (average season stipe count was 16,591 compared to a budget figure of 14,500). In addition the unbudgeted Genesis Concert had an attendance of 23,141. The average F&B per cap was \$12.19 for the FIFA U-20, \$11.62 for TFC Season and \$8.47 for the Genesis Concert (compared to a budgeted figure of \$7.00 for all events).
- Event Merchandise Commissions were \$64K, or 83%, higher than budget. Once again the increased revenues related to higher attendance and higher per cap sales than anticipated. The average per cap for the TFC Season was \$4.03; the first game per cap was \$6.32, \$6.14 for the Genesis Concert (compared to budgeted figure of \$1.50 for all events).
- Suites Revenues were \$137K or 38% higher than budget. The original budget anticipated 70% of the available for sale suites to be sold, however the suites were completely sold out.
- Sponsorship Revenues were \$40K or 7% lower than budget due to the pro-rated annual maximum (which was not known when the budget was submitted).
- Contra Sponsorship (which relates to LCD televisions from Sony) was not anticipated. This will be amortized using the straight-line method over three years.
- TFC/Other Usage Fees revenues (which include Broadcasting Charges) were \$365K, or 45%, higher than budget due to higher attendance and increased broadcast coverage of TFC games.
- CSA Usage fee was \$122K or 74% under budget due to BMO Field hosting only two CSA games, while six were budgeted.
- TicketMaster Rebates were \$499K for the period, of which \$254K relates to the FIFA U-20 Tournament and \$117K to the Genesis Concert. Rebate revenue was not included in the original budget.
- Other Revenue, which includes FIFA usage and CRF, was \$209K or 63% higher than budgeted due to the higher attendance for FIFA games and Genesis Concert, also includes \$51K interest revenue

- Cost of Goods Sold were \$476K higher than budget, as a result of increased Food & Beverage sales, along with increased waste due to the shut-down of the stadium for winter season. The Royalty expense was \$110K or 12% higher than budget due to increased Food & Beverage sales during TFC and FIFA games.
- Part-time labour was \$329K, or 35%, higher than budget as a result of an increase in number of points of distribution to accommodate additional attendees. This increase required additional supervisors and staff, while supplementary training for alcohol service training was also necessary and operation of the winter concession stand.
- Supplies & Services were \$251K or 25%, higher than budget due to increased building operation costs related to the shut-down, the bubble setup and other expenses such as servicing of equipment and labour costs.
- Insurance was \$164K or 66% favourable to budget due the actual costs compared to the initial estimated budget.
- Utilities were \$104K or 29% favourable to budget due to the following savings: \$46K on water, \$31K on Hydro and \$33K on gas.
- Capital Reserve and Management Fee was \$100K favourable to budget due entirely to the Capital Reserve not being recorded until the opening of the stadium (versus the full year in the budget), which is consistent with the Management Agreement.
- Other expenses were \$145K or 39%, higher than budget mainly due to telephone expenses for the broadcast lines (which resulted in \$290K in related revenue).
- Account Receivables for the year ending December 31, 2007 were \$1.1M. This amount relates to broadcast invoices and 2008 suite renewal invoices issued in December 2007. These amounts have been substantially collected and no collection issues are anticipated with the few remaining uncollected amounts.
- Miscellaneous Receivables for the year ending December 31, 2007 were \$107K. This amount relates to USD broadcasting charges issued in December, which have been partially collected, no collection issues anticipated.
- Accounts Payable and Accrued Liabilities for the year ending December 31, 2007 were \$1.09M. This amount mainly relates to operating costs.

Event Management Services

During the month of December 2007, the Event Team was involved in the following events:

DECEMBER	
Sporting Events	Other Events
<ul style="list-style-type: none"> ▪ There were no major sporting events in November 	<ul style="list-style-type: none"> ▪ Community Rental Hours (including Toronto Soccer Association holiday tournament): 289 Hours

The bubble was in full operational mode and had numerous additional rentals to supplement the regular league bookings. The December plan for Bubble Rentals was exceeded by \$24K due to additional hours.

The additional rentals included a four day tournament which took place from December 27 – 30. There were over 120 teams with players age ranges from eight to adult, and players came from as far as London and Niagara Falls to take part. Including the tournament which used approximately 50 hours of rentals over the four days, there were 289 hours of rentals in the bubble for December.

Building Operations

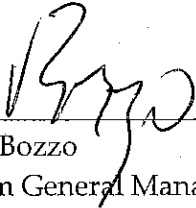
With the massive snowfalls in December, the building operations team had their hands full as they focused on the planning and execution of snow removal for the bubble operations. The team also focused its efforts on the planning process for various approved capital expenditures projects in 2008.

Food & Beverage

During the month of December, the bubble concession was in its first full month of operation. The Toronto Soccer Association tournament, held December 27-30, had a positive impact on the concession stand as it was the greatest driver in sales for the month of December as sales exceeded \$9.3K in four days.

In addition, the planning process began for the approved capital expenditures in 2008: The major F&B project will be adding another concession stand.

Submitted by:



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BMO Field
Balance Sheet
as at December 31, 2007

	<u>YTD</u>
ASSETS	
Current Assets	
Cash	\$ 1,737,675
Account Receivables	1,122,452
Miscellaneous Receivables	106,792
Prepaid Expenses	17,087
Inventory	13,210
	<u>2,997,216</u>
Capital Assets	90,000
	<u>\$ 3,087,216</u>
 LIABILITIES AND OPERATING PROFIT (LOSS)	
Current Liabilities	
Accounts Payable and Accrued Liabilities	\$ 1,094,829
Taxes Payable	125,688
Deferred Revenue	578,557
Incentives & Rebates Payable	511,947
	<u>2,311,021</u>
Long-term Liabilities	
Long-term Suite Deposits	218,125
	<u>558,070</u>
Net Operating Profit	<u>\$ 3,087,216</u>

BMO Field
Income Statement
For the Twelve Months Ending December 31, 2007

	December 07			YTD				
	Actual	Budget	Variance \$	Variance %	Actual	Budget	Variance \$	Variance %
Revenues								
TicketMaster Rebates	0	0	0	0%	498,641	0	498,641	0%
Club Fees	0	0	0	0%	78,944	82,500	-3,556	-4%
Sponsorship	0	0	0	0%	509,589	550,000	-40,411	-7%
Contra Sponsorship	135,000	0	135,000	0%	135,000	0	135,000	0%
Food and Beverage	11,213	0	11,213	0%	4,715,781	3,888,773	827,008	21%
Event Merchandise	0	0	0	0%	141,496	77,287	64,209	83%
Suites	0	0	0	0%	493,025	356,400	136,625	38%
TFC/Other Usage Fee	65,015	100,000	-34,985	-35%	1,183,800	818,675	365,125	45%
CSA Usage Fee	0	0	0	0%	43,877	166,320	-122,443	-74%
Other Revenue	10,388	0	10,388	0%	539,877	330,750	209,127	63%
Total Revenues	221,617	100,000	121,617	122%	8,340,029	6,270,705	2,069,324	33%
Expenses								
Cost of Goods Sold	1,333	0	-1,333	0%	1,481,853	1,005,420	-476,433	-47%
Royalty	0	0	0	0%	1,080,391	950,250	-110,141	-12%
Full-Time	64,419	43,000	-21,419	-50%	772,030	777,047	5,017	1%
Part-Time	4,617	0	-4,617	0%	1,269,070	940,068	-329,002	-35%
Travel and Entertainment	3,965	0	-3,965	0%	14,523	0	-14,523	0%
Supplies and Services	199,938	114,403	-85,535	-75%	1,270,472	1,019,000	-251,472	-25%
Insurance	-12,268	27,777	40,045	144%	85,769	250,000	164,231	66%
Utilities	50,455	44,318	-6,137	-14%	250,883	354,551	103,668	29%
Capital Reserve & Management Fee	50,000	50,000	0	0%	500,001	600,000	99,999	17%
Other	11,584	7,760	-3,824	-49%	520,020	374,325	-145,695	-39%
Total Operating Expenses	374,043	287,258	-86,785	-30%	7,225,012	6,270,661	-954,351	-15%
Operating Profit before Depreciation, Incentives & Rebates					1,115,017			
Depreciation Expense	-45,000	0	-45,000	0%	-45,000	0	-45,000	0%
Operating Profit before Incentives & Rebates	-197,427	-187,258	-10,169	-5%	1,070,017	44	1,069,973	2431757%
2007 Incentives & Rebates					-511,947			
Net Operating Profit after Incentives & Rebates					<u>558,070</u>			