

3

April 7, 2006

EXHIBITION PLACE

To: Finance & Audit Committee
Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **2005 Consolidated Financial Statements for Exhibition Place**

Purpose:

This report submits the draft audited financial statements for Exhibition Place for the twelve-month period ending December 31, 2005.

Financial Implications and Impact Statement:

There are no financial implications to this report.

Recommendation:

It is recommended that the draft audited financial statements attached as Appendix "A" to this report and pertaining to the consolidated operations of Exhibition Place for the twelve-month period ending December 31, 2005 be approved.

Background/Discussion:

The Finance Division of Exhibition Place is responsible for the preparation of the annual financial statements for Exhibition Place. These financial statements reflect the financial position and include the results from operations for the Canadian National Exhibition Association, the National Trade Centre and Exhibition Place operations for the twelve-month period ending December 31, 2005.

The auditor of record for Exhibition Place, Ernst & Young LLP, review these statements in accordance with generally accepted auditing standards. These standards require that the audit is planned and carried out to obtain reasonable assurance that the financial statements are free of material misstatement.

The audit also examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assesses the accounting principles used, significant estimates made by management, and evaluates the overall statement presentation.

The financial statements contain an auditor's report that states the opinion of Ernst & Young LLP that the financial statements present fairly, in all material respects, the financial position of

the Board of Governors as of December 31, 2005 and the results of its operations for the year then ended.

The audited financial statements appended to this report will also be forwarded to the City of Toronto Audit Committee and ultimately to the City of Toronto Council for its information and review.

Operating Results for 2005

The Consolidated Statement of Operations indicates a net loss for the twelve-month period ending December 31, 2005 of \$956,639 on an accrual basis and a net loss of \$698,411 on a cash basis. The consolidated Operating Budget for Exhibition Place is set on a cash basis and the approved amount for 2005 was a net expenditure or loss of \$189,859. The following are the results from the three entities that make up Exhibition Place:

	Financial Statement <u>Income (Loss)</u>	Cash Basis <u>Income (Loss)</u>
Canadian National Exhibition Association	\$ 891,931	\$ 895,407
Exhibition Place Operations	(3,268,200)	(3,121,018)
National Trade Centre	<u>1,419,630</u>	<u>1,527,200</u>
Consolidated Net Income (Loss)	\$ (956,639)	\$ (698,411)

The 2005 consolidated net income is approximately \$1,147,000 lower than the 2004 income and there are a number of factors that affected the 2005 operating results:

- The CNEA was successful and exceeded its budget target for income. However net income from the fair decreased from 2004 and overall attendance and attendance driven revenues were lower than expectations.
- The National Trade Centre exceeded last year's income by approximately \$205,000. There was a shortfall in expected business with respect to the Ricoh Coliseum but this shortfall was more than made up by strong financial results in rental income in May, June, September and October and strength in some ancillary revenues such as electrical and telecommunications. Sixty seven new events were booked in 2005 and one of the most successful of these was the Aga Khan event.
- As was indicated in the previous report to the Board on the third quarter variance, the Exhibition Place program had a negative variance to budget substantially due to the following factors:
 - an additional allocation of annual premium from the City of Toronto insurance program of about \$588,000
 - an increase of the recorded Workers Safety and Insurance Board expenses increased by approximately \$210,000 in 2005
 - a negative variance from the parking operations of approximately \$1.2 million of which \$500,000 was related to the new tenant operations that did not open as planned in 2005; a shortfall from forecasted parking revenues for new trade and consumer shows; and loss of trade and consumer show parking revenues to Ontario Place.

Settlement with the City of Toronto

As in prior years, various adjustments have to be made to the reported net income to determine the amount payable to or receivable from the City of Toronto on a "cash" basis. Specifically the adjustments are as follows:

Financial Statement 2005 Net Loss	\$	(956,639)
Adjust for Net Fixed Assets		(7,616)
Sick leave Adjustment		+ 103,484
Vacation Bank Adjustment		+ 29,661
WSIB & Post retirement Benefits		+ 360,230
Escalating Lease Adjustment		<u>(227,531)</u>
Total Receivable from the City	\$	(698,411)

The City is currently holding a balance of \$156,354 in the Exhibition Place Stabilization Reserve Fund which will be applied to reduce the above amount as per the Reserve Fund purpose.

For 2006 the auditors have requested that non-monetary sponsorship receipts be recorded in income. As this is a non-cash transaction, this item will have to be added to the above group of non-cash adjustments for 2006.

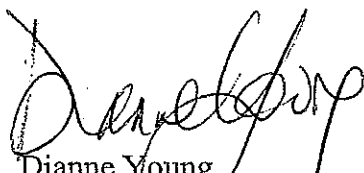
Conclusion

This report submits the draft audited financial statements for Exhibition Place for the twelve-month period ending December 31, 2005.

Contact:

Paul Egli, Director of Finance
 Telephone: 416 263-3612
 Fax: 416 263-3690
 e-mail: PEgli@Explace.on.ca

Submitted by:


 Dianne Young
 General Manager & CEO

Consolidated Financial Statements

Board of Governors of Exhibition Place

December 31, 2005

April 7, 2006 3:42 PM

DRAFT FOR DISCUSSION

AUDITORS' REPORT

To the Members of the
Board of Governors of Exhibition Place

We have audited the consolidated balance sheet of the **Board of Governors of Exhibition Place** as at December 31, 2005 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
March 17, 2006.

Chartered Accountants

April 7, 2006 3:42 PM

DRAFT FOR DISCUSSION

Board of Governors of Exhibition Place

CONSOLIDATED BALANCE SHEET

As at December 31

	2005 \$	2004 \$
ASSETS		
Current		
Cash and cash equivalents	891,744	3,111,741
Accounts receivable		
Trade	4,380,090	5,840,623
City of Toronto	3,292,356	1,738,003
Inventories	124,037	172,356
Prepaid expenses	171,285	193,611
Transfer receivable from the City of Toronto [note 1]	698,411	—
Total current assets	9,557,923	11,056,334
Receivable from the City of Toronto [note 3]	4,398,216	4,019,484
Rent receivable [note 4]	2,419,478	2,191,947
Equipment, net [note 5]	157,448	149,833
	16,533,065	17,417,598
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Trade	5,916,615	5,118,212
City of Toronto	891,570	2,266,219
Current portion of employee benefits payable [note 6]	893,374	847,375
Deferred revenue [note 7]	2,981,406	3,377,884
Transfer payable to the City of Toronto [note 1]	—	405,184
Total current liabilities	10,682,965	12,014,874
Employee benefits payable [note 6]	5,850,100	5,402,724
	16,533,065	17,417,598

Contingencies [note 9]

See accompanying notes

On behalf of the Board:

Director

Director

April 7, 2006 3:42 PM

DRAFT FOR DISCUSSION

Board of Governors of Exhibition Place

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31

	2005 \$	2004 \$
REVENUE		
Annual Exhibition [schedule 1]	20,477,559	18,618,857
Exhibition Place [schedule 2]	10,378,278	10,372,258
National Trade Centre [schedule 3]	15,214,041	13,668,869
	<u>46,069,878</u>	<u>42,659,984</u>
EXPENSES		
Annual Exhibition [schedule 1]	19,585,628	16,977,794
Exhibition Place [schedule 2]	13,646,478	13,035,917
National Trade Centre [schedule 3]	13,794,411	12,455,678
	<u>47,026,517</u>	<u>42,469,389</u>
Income (loss) before the following	(956,639)	190,595
Transfer from (to) the City of Toronto [note 1]	956,639	(190,595)
Net income for the year	<u>—</u>	<u>—</u>

See accompanying notes

Board of Governors of Exhibition Place

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

	2005 \$	2004 \$
OPERATING ACTIVITIES		
Net income for the year	—	—
Add non-cash item		
Amortization of equipment	111,138	134,089
	<u>111,138</u>	<u>134,089</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	(93,820)	(785,485)
Inventories	48,319	(14,902)
Prepaid expenses	22,326	(38,163)
Rent receivable	(227,531)	(189,663)
Accounts payable and accrued liabilities	(576,246)	(429,739)
Deferred revenue	(396,478)	(258,353)
Decrease (increase) in transfer receivable/payable from/to the City of Toronto	(1,103,595)	1,567,787
Change in employee benefits payable	493,375	393,071
Cash provided by (used in) operating activities	<u>(1,722,512)</u>	<u>378,642</u>
INVESTING AND FINANCING ACTIVITIES		
Purchase of equipment	(118,753)	(122,910)
Increase in receivable from the City of Toronto	(378,732)	(1,132,552)
Cash provided by (used in) investing and financing activities	<u>(497,485)</u>	<u>(1,255,462)</u>
Net decrease in cash during the year	(2,219,997)	(876,820)
Cash and cash equivalents, beginning of year	3,111,741	3,988,561
Cash and cash equivalents, end of year	<u>891,744</u>	<u>3,111,741</u>

See accompanying notes

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

1. OPERATIONS OF EXHIBITION PLACE AND RELATIONSHIP WITH CITY OF TORONTO

The Board of Governors of Exhibition Place [the "Board"] exists as a corporation without share capital by virtue of the City of Toronto Act, 1997 (No. 2) [the "Act"]. The Board operates, manages and maintains Exhibition Place on behalf of the City of Toronto [the "City"] under the terms of an agreement between the Board and the City. As defined within the Act, the City is entitled to any surplus resulting from the Board's activities and is responsible for any deficit the Board incurs. The amount due to/from the City resulting from the Board's activities is shown on the consolidated balance sheet as a transfer payable to/receivable from the City.

Major capital facilities are the property of the City and, therefore, the cost for such capital assets is recorded in the accounts of the City and not the Board.

To assist with major capital expenditures related to Exhibition Place, a Capital Improvement Reserve Fund ["Capital Improvement Fund"] has been established that is administered by the City. The value of the Capital Improvement Fund is recorded within the City's accounts [note 8]. In addition, the Board contributes to the City's vehicle reserve and expenses these contributions as made [schedule 2].

The Board also has an agreement with the City, which established the Exhibition Place Stabilization Reserve Fund ["Stabilization Fund"] for the purpose of putting income aside in profitable years in order to offset deficits in other years. The Stabilization Fund is also recorded in the accounts of the City [note 8].

Insurance coverage for the Board is done through the City of Toronto. During the year, the Board contributes to the City's insurance reserve and expenses these contributions as made. Contributions for the year amounted to \$791,828 [2004 - \$203,000] and are included within expenses [schedules 1, 2 and 3].

The Canadian National Exhibition Association ["CNEA"], under an agreement with the Board, manages and operates an annual exhibition [the "Canadian National Exhibition"]. The City has established and maintains a reserve fund for the CNEA for prizes and awards during the annual exhibition [note 8].

The National Trade Centre is managed by O&Y SMG Canada, and the relationship between the Centre and the Board is governed by the terms of a management agreement.

These consolidated financial statements include the accounts of the CNEA [schedule 1], Exhibition Place [schedule 2] and the National Trade Centre [schedule 3]. The CNEA is the only separate operating unit that is incorporated and, as such, produces separate audited financial statements for its members.

April 7, 2006 3:42 PM

DRAFT FOR DISCUSSION

1

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

The Board is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for profit-oriented organizations, unless otherwise directed to specific accounting recommendations of the Public Sector Accounting Board. The significant accounting policies are summarized as follows:

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The employee benefits liabilities and related costs charged to the consolidated statement of operations depend on certain actuarial and economic assumptions and on current information available to the Board, the City and the consultants retained to develop the actuarial projections. Actual results could differ from those estimates.

Revenue recognition

Revenue is recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Expenses are recorded when incurred.

Cash and cash equivalents

Cash equivalents consist of term deposits with short-term maturities of three months or less from the date of acquisition. Cash and cash equivalents are valued at cost, which approximates market value.

Inventories

Inventories of materials and supplies are valued at the lower of cost and replacement cost. The average cost basis is used to calculate cost.

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

Equipment

Purchased equipment is recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicles	5 years
Computer equipment	3 years
Electrical equipment	5 years
Other equipment and furniture	3 to 10 years

Sponsorships

Agreements are entered into with a number of corporate sponsors whereby these sponsors provide cash, products, advertising or entertainment support to the Exhibition Place, CNEA, and the National Trade Centre activities. In return, consideration is provided in a number of diverse ways including specific rights to selected attractions or advertising recognition. Sponsorships received in cash and/or other consideration, are recorded in the accounts at the amount of consideration received or given at either the fair value of the amount received or the fair value of the benefit given up – less any cash consideration, whichever is more reliably measurable.

Employee benefit plans

The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;
- the costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method pro rated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;
- employee future benefit liabilities are discounted using current interest rates on long-term bonds;
- past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service period of employees active at the date of amendment; and

April 7, 2006 3:42 PM

DRAFT FOR DISCUSSION

3

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

- net actuarial gains and losses are expensed in the year of revaluation.

3. LONG-TERM RECEIVABLE FROM THE CITY OF TORONTO

The long-term receivable from the City is calculated as follows:

	2005 \$	2004 \$
Employee benefits obligation [note 6[a]]	6,743,474	6,250,099
Less employee benefits provision	—	(120,503)
Less net book value of equipment [note 5]	(157,448)	(149,833)
2003 adjustment - recording employee benefits	239,103	239,103
Other	(7,435)	(7,435)
Payable by the Board before the following	6,817,694	6,211,431
Less step-up lease revenue receivable [note 4]	(2,419,478)	(2,191,947)
Receivable from the City of Toronto, end of year	4,398,216	4,019,484

4. RENT RECEIVABLE

The Board has numerous long-term tenants on the grounds that pay annual rents on the stipulated contract amount indicated in the lease for that year. Many of these leases have step-up provisions so that the annual lease amount changes during the term of the lease. Canadian generally accepted accounting principles require the recognition of lease revenues over the term of the lease on a straight-line basis.

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

5. EQUIPMENT

Equipment consists of the following:

	2005			2004		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Motor vehicles	261,634	261,634	—	261,634	245,228	16,406
Computer equipment	215,927	189,886	26,041	208,510	149,017	59,493
Electrical equipment	323,193	314,332	8,861	323,194	303,514	19,680
Other equipment and furniture	521,678	399,132	122,546	410,341	356,087	54,254
	<u>1,322,432</u>	<u>1,164,984</u>	<u>157,448</u>	<u>1,203,679</u>	<u>1,053,846</u>	<u>149,833</u>

6. EMPLOYEE BENEFITS PAYABLE

The benefits for employees of the Board as reported in these consolidated financial statements have the following characteristics:

Sick leave

Regular full-time permanent employees receive a credit of 1.5 days for each completed month of continuous service. The sick leave credits accumulate for the employee each month and are reduced by absence from work due to illness.

A payment of 50% of the balance of the accumulated sick leave credits is made to an employee, with ten or more years of service upon termination of employment subject to a maximum amount equivalent up to six months of the employee's current salary.

Vacation pay

Regular full-time permanent employees receive vacation entitlement according to the years of completed service and the employee classification to which they belong. In addition, employees may carry over from one year to the next up to a maximum of one year's unused vacation entitlement.

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

WSIB

The Board is a Schedule 2 employer and, as such, pays the full cost of all medical and all other benefits for its employees that receive injuries at the workplace plus the administration cost as determined by the Workplace Safety Insurance Board ["WSIB"].

The WSIB is governed by the applicable provincial legislation.

Post-retirement benefits

Full-time management and exempt staff who retire from the Board to an immediate pension are eligible to receive the following benefits up to age 65:

- Group life insurance
- Extended health coverage
- Major medical coverage
- Dental coverage

[a] The employee benefits payable of the Board, which is equal to the Board's accrued benefit obligations, consists of the following:

	2005	2004
	\$	\$
Sick leave	1,014,075	910,591
Vacation pay	410,593	380,932
WSIB	1,733,783	1,682,598
Other post-employment and post-retirement benefits	3,585,023	3,275,978
	<u>6,743,474</u>	<u>6,250,099</u>
Less current portion	893,374	847,375
	<u>5,850,100</u>	<u>5,402,724</u>

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

[b] The continuity of the Board's accrued benefit obligations, in aggregate, is as follows:

	2005	2004
	\$	\$
Balance, beginning of year	5,869,167	5,488,346
Current service cost	482,780	466,442
Interest cost	349,088	324,911
Expected benefits paid	(368,154)	(410,532)
Balance, end of year	6,332,881	5,869,167
Vacation pay	410,593	380,932
Total obligations	6,743,474	6,250,099

[c] The benefit costs recognized during the year are as follows:

	2005	2004
	\$	\$
Current service cost	482,780	466,442
Interest cost	349,088	324,911
Increase in vacation pay	29,661	12,249
	861,529	803,602

[d] There were cash payments of \$20,272 made in 2005 [2004 - \$57,500] with respect to the sick leave plan. Vacation leave entitlements were taken as paid absence from work.

The benefit plans as noted above are all unfunded; however, the Board participates in reserve funds established by the City for sick leave and health care benefits. The contributions to these reserves during the year were \$754,489 [2004 - \$691,736] and are included as an expense on the consolidated statement of operations.

[e] Actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as of December 31, 2002. The accrued benefit obligation as at December 31, 2005 is based on an extrapolation of the 2002 valuation. The next actuarial valuation is scheduled to be completed as at December 31, 2005 for the Board's 2006 year end.

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

[f] The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations and benefit costs for other post-employment and post-retirement benefits are as follows:

	2005 %	2004 %
Discount rate for benefit obligations and benefit costs:		
Sick leave	6.0	6.0
Other post-employment/post-retirement	5.5	5.5
Health care inflation - hospital, dental care and other medical	4.5	4.5
Health care inflation - drugs	10.5	11.0
Rate of compensation increase	3.0	3.0

The health care rate for drugs will reduce to 5.5% over 10 years.

[g] In addition to the above noted plans, the Board makes contributions to the Ontario Municipal Employees Retirement Fund ["OMERS"], which is a multi-employer plan, on behalf of qualifying employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Total employer contributions for employees for the year ended December 31, 2005 amounted to \$542,634 [2004 - \$515,583].

In addition to contributions for employees who participate in the OMERS plan, the Board has arrangements with bargaining units to make contributions to various pensions and registered retirement savings plans on behalf of its employees. Contributions expensed under these plans for 2005 amounted to \$783,852 [2004 - \$711,362].

7. DEFERRED REVENUE

Deferred revenue consists of rentals for space in trade shows and other events which have been paid in advance.

8. RESERVE FUNDS

The City established and maintains the Capital Improvement Fund. The purpose of this fund is to assist in the financing of major capital costs related to all of the buildings at Exhibition Place. The balance of the Capital Improvement Fund as at December 31, 2005 was \$943,269 [2004 - \$900,189]. There were no contributions to the Capital Improvement Fund in 2005, other than interest income, and no expenditures were made from the Capital Improvement Fund in 2005.

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

The City has also established and maintains the Stabilization Fund for the purpose of putting income aside in profitable years in order to offset deficits in other years. The balance of the Stabilization Fund as at December 31, 2005 was \$156,354 [2004 - nil].

During 2003, the City Council approved a new contribution policy for the Stabilization Fund and the Capital Improvement Fund. Beginning in fiscal 2003, any surplus generated by the operations of Exhibition Place greater than the approved annual budget will be distributed as follows:

- [i] the surplus will be contributed to the Stabilization Fund [up to a maximum accumulated balance of \$2,000,000]; and
- [ii] the residual, if any, will be contributed to the Capital Improvement Fund.

The above disposition of any future Exhibition Place annual surpluses is subject to Council policy guidelines and a determination by the Chief Financial Officer of the City of the most appropriate course of action.

The City established and maintains the CNEA Prize Fund Reserve [the "Prize Fund"] on behalf of the CNEA. The original purpose of the Prize Fund was to ensure that sufficient funds were available to pay for prizes and awards that are presented during the Canadian National Exhibition. There were no contributions to the Prize Fund in 2005, other than interest income of \$6,201 [2004 - \$7,112], and the only withdrawal was a transfer to the CNEA of the amount of interest. City Council, at its meeting of October 26 - 31, 2005, adopted a staff recommendation to transfer the balance of the funds in the CNEA Prize Fund Reserve to the Canadian National Exhibition Foundation (the "Foundation"). The balance of the Prize Fund at December 31, 2005 was \$150,000 [2004 - \$150,000] and is recorded as due from the City in the accounts of the Foundation.

9. CONTINGENT LIABILITIES

In the normal course of its operations, the Board is subject to various litigation and claims. The ultimate outcome of these claims cannot be determined at this time. However, the Board's management believes that the ultimate resolution of these matters will not have a material effect on the Board's future financial position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005.

10. FINANCIAL INSTRUMENTS

Credit risk

Exhibition Place, in the normal course of business, is exposed to credit risk from its customers. This risk is mitigated by the fact that management believes the Board has thorough and rigorous credit approval procedures. As at December 31, 2005, two [2004 - one] customer(s) represent 55% [2004 - 44%] of the Board's accounts receivable balance.

Fair value

The fair values of the Board's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. The fair value of the long-term receivable from the City of Toronto is not reasonably determinable since there are no fixed terms of repayment.

11. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2005 financial statements.

**ANNUAL EXHIBITION
SCHEDULE OF OPERATIONS**

Year ended December 31

	2005 \$	2004 \$
REVENUE		
Midway, concessions and casino	8,570,456	6,741,839
Ground admissions	6,346,356	6,337,359
Entry fees and exhibit rentals	3,541,257	3,418,848
Parking	1,313,258	1,430,051
Sponsorships	706,232	690,760
	20,477,559	18,618,857
EXPENSES [note 6]		
Operations [note 1]	9,665,390	8,889,421
Attractions and casino	7,546,204	5,861,741
Marketing	2,188,250	2,011,971
Parking attendants' wages and sundry costs	164,341	199,126
Amortization of equipment	21,443	15,535
	19,585,628	16,977,794
Net operating income for the year	891,931	1,641,063

See accompanying notes

**EXHIBITION PLACE
SCHEDULE OF OPERATIONS**

Year ended December 31

	2005 \$	2004 \$
REVENUE		
Building rentals and concessions	1,897,575	2,082,107
Sale of services	3,022,621	2,574,510
Parking	4,235,575	4,035,834
Discounts, commission and realty tax recoveries	1,222,507	1,679,807
	10,378,278	10,372,258
EXPENSES		
Maintenance, cleaning and security	4,060,709	4,109,137
Administration [<i>notes 1 and 6</i>]	4,702,469	4,674,803
Cost of sale of services	2,398,158	1,982,959
Utilities	729,900	734,340
Parking attendants' wages and sundry costs	1,364,059	1,175,217
City of Toronto vehicle reserve [<i>note 1</i>]	320,549	268,000
Amortization of equipment	70,634	91,461
	13,646,478	13,035,917
Net operating loss for the year	(3,268,200)	(2,663,659)

See accompanying notes

**NATIONAL TRADE CENTRE
SCHEDULE OF OPERATIONS**

Year ended December 31

	2005	2004
	\$	\$
REVENUE		
Building rentals	7,046,626	6,219,671
Sale of services	5,324,655	4,181,521
Catering commissions	1,227,224	1,160,046
Advertising, sponsorship, interest and recoveries	1,615,536	2,107,631
	15,214,041	13,668,869
EXPENSES		
Maintenance, cleaning and security	3,600,833	3,224,914
Administration [note 1]	4,436,322	4,417,351
Cost of sale of services	3,065,053	2,311,128
Utilities	2,581,263	2,327,079
Amortization of equipment	19,061	27,093
Employee benefits [note 6]	91,879	15,702
	13,794,411	12,323,267
Income before the following	1,419,630	1,345,602
Less bad debt - Royal Agricultural Winter Fair for 2003 event	—	(132,411)
Net operating income for the year	1,419,630	1,213,191

See accompanying notes

