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The following report was reviewed by the Finance & Audit Committee at its meeting of May 18, 2000 and is recommended to the Board of Governors for APPROVAL.

May 18, 2000

TO: The Board of Governors of Exhibition Place  
FROM: Paul Egli, Director of Finance  
SUBJECT: **Audited Financial Statements for the Year Ended December 31, 1999**

**Recommendation:**

It is recommended that the draft audited financial statements pertaining to the operations of Exhibition Place for the year ended December 31, 1999, be approved.

**Background:**

The Finance Division of Exhibition Place is responsible for the preparation of annual year-end financial statements for the consolidated operations of Exhibition Place and these statements are presented each year to the Board for their review and approval. These consolidated statements include schedules of operations pertaining to the Annual Exhibition, Exhibition Place and the National Trade Centre.

**Discussion:**

Exhibition Place staff prepared financial statements for the period covering January 1, 1999 to December 31, 1999. These annual year-end financial statements were reviewed by the Auditor in accordance with generally accepted auditing standards to obtain reasonable assurance that the financial statements are free of material misstatement. The audit of 1999 Exhibition Place financial statements was conducted by the firm of Ernst and Young under contract to the City of Toronto.

On a consolidated basis, the 1999 statements indicate net income for the year of \$354,508. The auditors' report states that it is their opinion that the financial statements present fairly the financial position of the Board of Governors of Exhibition Place as of December 31, 1999.

At its meeting on April 5, 2000, the Finance and Audit Committee of the Board deferred approval of the 1999 draft annual financial statements, as originally prepared for the April 5, 2000 meeting, pending resolution of an issue concerning the presentation of certain 1999 expenditures. After a thorough review of various source documents, it was determined that the



1999 draft annual statements, as prepared for the April 5, 2000 meeting, should be adjusted as follows:

Exhibition Place Maintenance, cleaning and security expenditures	Increase by \$71,142
Annual Exhibition Attractions and casino expenditures	Decrease by \$71,142

Mr. David Bednar, GM, CNEA agreed that the above adjustments are reasonable and appropriate based on agreements reached prior to the annual exhibition as to labour expenditure allocations and at its meeting of April 27, 2000, the CNEA Board of Directors adopted the draft financial statements for the CNEA and CNEA Foundation. The statements as submitted at today's meeting reflect the above adjustments.

#### Significant Variances from the 1998 Statements

The following are some of the significant year-to-year variances that are recorded in the 1999 financial statements:

<u>Item</u>	<u>Variance from 1998</u>	<u>Explanation(s)</u>
Cash position on Dec 31	\$1.9 million increase	(i) Lower accounts receivable (ii) Better 1999 operating results
Grounds Admissions (CNE)	\$ 4.1 million decrease	Change from pay one price admission to \$7.00 general admission
Sponsorships Revenue(CNE)	\$0.6 million decrease	Revenue from group sales transferred
Sale of services revenue(EP)	\$1.3 million decrease	Non-recurring events from 1998
Utilities expense (EP)	\$0.8 million decrease	Majority of savings resulting from demolition of Stadium

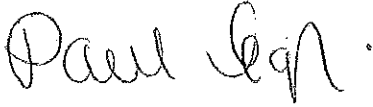
The draft audited financial statements appended to this report will also be forwarded to the City of Toronto Audit Committee and ultimately to the City of Toronto Council for information, review and any required action.

Staff of both the City Auditor's Department and Ernst & Young have been requested to be present at the Finance and Audit Committee and Board meetings to respond to any questions/issues arising from the financial statements.

**Conclusion:**

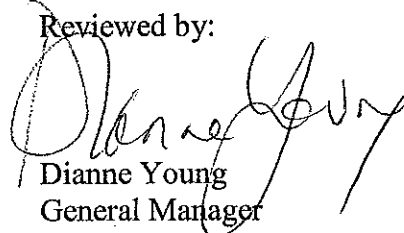
This report submits the draft audited financial statements pertaining to operations of Exhibition Place for the year ended December 31, 1999.

Submitted by:



Paul Egli  
Director of Finance

Reviewed by:



Dianne Young  
General Manager

