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SUMMARY OF ANNUAL EXHIBITION OPERATIONS

**CANADIAN NATIONAL
EXHIBITION ASSOCIATION**

Year ended December 31, 1999

AUDITORS' REPORT

To the Directors of
Canadian National Exhibition Association

We have audited the summary of annual Exhibition operations of **Canadian National Exhibition Association** for the year ended December 31, 1999. This financial information is the responsibility of the Association's management. Our responsibility is to express an opinion on this financial information based on our audit.

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

In our opinion, the summary of annual Exhibition operations presents fairly, in all material respects, the results of the operations of the Association for the year ended December 31, 1999 in accordance with the accounting policies described in note 2.

Toronto, Canada,
March 3, 2000.

Ernst & Young LLP

Chartered Accountants

Canadian National Exhibition Association

SUMMARY OF ANNUAL EXHIBITION OPERATIONS

Year ended December 31, 1999

| | 1999 | 1998 |
|---|-------------------|----------------|
| | \$ [in thousands] | \$ |
| REVENUE | | |
| Midway, concessions and casino | 6,117 | 5,297 |
| Ground admissions | 4,833 | 8,976 |
| Exhibit rentals | 3,013 | 3,273 |
| Parking | 1,105 | 1,045 |
| Sponsorships | 303 | 961 |
| Other | 160 | 164 |
| | 15,531 | 19,716 |
| EXPENDITURES | | |
| Operations | 7,796 | 9,351 |
| Attractions and casino | 6,330 | 10,366 |
| Marketing | 1,700 | 1,894 |
| Parking attendants' wages and sundry costs | 96 | 284 |
| | 15,922 | 21,895 |
| Loss from operations before the following | (391) | (2,179) |
| Severance costs <i>[note 5]</i> | — | (271) |
| Loss before contribution from the City of Toronto reserve | (391) | (2,450) |
| Contribution from the City of Toronto reserve <i>[note 5]</i> | — | 271 |
| Loss from operations | (391) | (2,179) |

See accompanying notes

**NOTES TO SUMMARY OF
ANNUAL EXHIBITION OPERATIONS**

Year ended December 31, 1999

1. PURPOSE OF THE ORGANIZATION

The Canadian National Exhibition Association [the "Association"] was incorporated under the Canadian National Association Act of 1983. Under a memorandum of understanding, the Association manages and produces an annual exhibition [the "Canadian National Exhibition"]. This financial information reflects the operations of the Canadian National Exhibition only, and is included in the operating statements of the Board of Governors of Exhibition Place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of annual Exhibition operations has been prepared in accordance with the accounting principles prescribed for Ontario municipalities and their local boards by the Ministry of Municipal Affairs and Housing.

Revenue recognition

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

Capital assets

Major capital facilities are financed by and are the property of the City of Toronto and, consequently, the historical cost and accumulated amortization for such capital assets are not recorded in these amounts. Major capital expenditures are recorded in the accounts of the City of Toronto.

Capital expenditures, including major improvements, are charged to current operations in the year of acquisition. These assets are also the property of the City of Toronto.

Sponsorships

Agreements were entered into with a number of corporate sponsors whereby these sponsors provided cash, products, advertising or entertainment support to the Canadian National Exhibition's activities. In return, consideration was provided in a number of diverse ways including specific rights to selected attractions or advertising recognition. Only sponsorships received in cash have been recorded in the accounts. Included in sponsorship revenues for 1998 is an amount of approximately \$254,000 for group sales. Group sales are classified as admission revenues in 1999.

Canadian National Exhibition Association

**NOTES TO SUMMARY OF
ANNUAL EXHIBITION OPERATIONS**

Year ended December 31, 1999

3. RELATIONSHIP WITH EXHIBITION PLACE

The Board of Governors of Exhibition Place has overall responsibility for the operations of Exhibition Place including the Canadian National Exhibition.

The Canadian National Exhibition is staffed by employees of Exhibition Place. Employee costs and overhead costs are charged to the Canadian National Exhibition on an allocation basis.

4. COMPARATIVE FINANCIAL INFORMATION

The comparative summary of annual Exhibition operations has been reclassified from previously presented financial information to conform to the presentation of the 1999 summary of annual Exhibition operations.

5. SEVERANCE COSTS

In 1998 \$271,000 was paid by the Association for employee severances. This amount was contributed from the Employee Separation Reserve established by the City of Toronto for this purpose.



