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April 12, 2001

## EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young  
General Manager & CEO

Subject: Accounts Receivable – As of March 31, 2001

### Recommendation:

It is recommended that:

1. The accounts receivable from the Royal Agricultural Winter Fair ("RAWF") in the amount of \$43,378.58 with respect to the 1996 rental of the Better Living Centre, be written off as a bad debt; and
2. The remainder of this report regarding the status of accounts receivables as of March 31, 2001 be received for information.

### Background/Discussion:

An accounts receivable aging schedule is to be presented to the Board on a quarterly basis. This is the first such report for the year 2001 and it presents the current status of accounts receivable as of March 31, 2001. This reports includes all invoices issued on behalf of the Board of Governor's of Exhibition Place and the Canadian National Exhibition Association.

The total value of all amounts owing as of March 31<sup>st</sup> is \$1,579,054.36 with details of these accounts receivable over \$5,000.00 and 90 days, being summarized on Appendix "A"..

### Litigation of Overdue Accounts Receivable

The Board at its meeting of November 24, 2000 requested that I contact the City Solicitor concerning the commencement of legal proceedings with respect to the collection of outstanding accounts. The City Solicitor, Mr. H.W.O. Doyle, has advised us that the City Legal Department is willing to assist Exhibition Place with the collection of these accounts. In fact, Mr. Doyle indicated that effective April 1, 2001, the limit for Small Claims Court actions has been raised to \$10,000.00 so that larger claims can be processed at this relatively lower cost level of the court system.

The process that has now been put in place with City Legal is that in the first instance Exhibition Place will undertake all collection efforts including sending the account to our external collection agency. If all these efforts have been unsuccessful, then accounts over \$500.00 will be sent to City Legal to be assessed to determine if it is cost effective to proceed with litigation to recover the unpaid amount.

#### Comments on Specific Outstanding Accounts

With respect to the attached list of outstanding accounts, the following are some comments on the status and collection efforts being made for a number of the higher-dollar accounts receivable:

- (i) Caribbean Cultural Committee (\$42,114.17): The Caribbean Cultural Committee ("CCC") and the Caribana Parade is funded almost 100% from federal, provincial and municipal grants. In 2000, only a portion of these grants were provided to the CCC prior to the Parade with the remainder to be released following a full accounting after the Parade. Unfortunately, in early 2001, both the provincial and municipal grant administrators determined that there was insufficient documentation and accounting to release the final grants. Following this decision, the CCC initiated a forensic audit, terminated all CCC staff, seized all CCC equipment and closed the offices. As a result, the accounts of many of the suppliers, including Exhibition Place and the Mas Bands, remain unpaid for a total outstanding debt of approximately \$200,000.00. Exhibition Place has notified both the City and Provincial officials of the outstanding debt owed to Exhibition Place and continues to work with the City on recovering some of these monies in 2001 as part of any funding for the 2001 Parade. Furthermore, Exhibition Place staff are working with the City for the 2001 event, if any, and the payment in advance of any Exhibition Place costs directly from the City grant.
- (ii) GWP Productions (\$53,484.81): This account is being reviewed by City of Toronto Legal who is completing an examination of the corporate financial assets of the show producers to see if there is any possibility of recovery through legal action.
- (iii) Kaiman Hospitality Corporation (\$743,250.40): The legal action by City Legal continues with a trial date set for October, 2001.
- (iv) Royal Agricultural Winter Fair (\$43,378.58): This account is related to the rental of the Better Living Centre by the RAWF in 1996. The BLC was to be used as a dormitory for exhibitors and was replacing the accommodation that was previously provided in the Dormitory which had to be demolished for the construction of the National Trade Centre. Despite discussions with the RAWF since 1996. The account remains outstanding. According to the RAWF, while they had agreed to rent the BLC, they did not use it because none of the exhibitors would stay in the building as it was unheated. I would now recommend writing off this account as a bad debt. It has been expensed as an unpaid account in previous years and therefore, there would be no financial consequences to the Board's financial position. While the Board could send this account to City Legal to commence legal proceedings, as the Board is aware, the RAWF has been under severe

financial pressures over the last four years suffering losses totaling \$933,722.00. Some of these losses relate to the increased costs that the RAWF has had to pay to produce its event at the NTC. Despite some concessions provided to the RAWF by the Board in 2000, the RAWF still lost \$198,063.00.

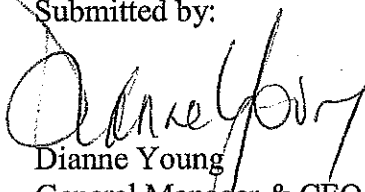
**Conclusion:**

The information contained in Appendix "A" presents the current status of all of the accounts receivable that are owing to the Board as of March 31, 2001 that are greater in amount than \$5,000 and older than 90 days and recommends a write-off of the RAWF account.

**Contact:**

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Submitted by:

  
Dianne Young  
General Manager & CEO

**Appendix "A"**  
**Accounts Receivable Aging Schedule**  
**Summary of Accounts over \$5,000 and 90 Days Unpaid**  
**As of March 31, 2001**

Prog.	Company Name	Total	0-30 days	30-60 days	60-90 days	90+ days	Comments
EP	Caribbean Cultural Committee	\$ 42,114.17	\$ 0.00	\$ 441.00	\$ 0.00	\$ 41,673.17	The collectibility of this account is uncertain at the present time
EP	O'Donnell Challenge Run	5,776.64	0.00	0.00	0.00	5,776.64	Payment expected April 30th
EP	Royal Agricultural Winter Fair	43,378.58	0.00	0.00	0.00	43,378.58	1996 BLC rental. Account in dispute
EP	Screamers Inc	19,477.40	0.00	0.00	10,862.47	8,614.93	Demand letter sent. Collection discussions in progress.
EP	GWP Production	53,484.81	0.00	0.00	0.00	53,484.81	Sent to City Legal for review
EP	Kaiman Hospitality	743,250.40	0.00	0.00	0.00	743,250.40	Account in litigation
CNEA	Canadian Assoc. of Fairs	25,000.00	0.00	0.00	0.00	25,000.00	Payment expected shortly
CNEA	Collective Edge	17,378.34	0.00	0.00	0.00	17,378.34	Referred to Toronto Legal
CNEA	Ernie's Arcade	6,563.60	0.00	0.00	0.00	6,563.60	Payment discussions in progress
CNEA	Explosive Trends	7,000.00	0.00	0.00	0.00	7,000.00	In discussion with client and VISA centre
CNEA	J.C Group	5,000.00	0.00	0.00	0.00	5,000.00	In discussion with client and VISA centre
	<b>TOTALS</b>	<b>968,423.94</b>	<b>0.00</b>	<b>441.00</b>	<b>10,862.47</b>	<b>957,120.47</b>	