

November 14, 2003

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Interim Financial Statements as of September 30, 2003

Recommendation:

It is recommended that this report be received for information.

Background/Discussion:

As part of the 2003 objectives to provide more complete financial information, interim financial statements have been prepared for the nine-month period ending September 30, 2003. These statements have been prepared on a consolidated basis and include the operations of the Canadian National Exhibition, Exhibition Place Operations and the National Trade Centre. For comparative purposes each line of the statements shows the corresponding value for December 31, 2002.

Consolidated Balance Sheet

Employee Benefits Payable

This item has not been adjusted from the December 31, 2002 value as the amounts payable for future benefit costs depends on actuarial data that is normally supplied to Exhibition Place by the City of Toronto at year-end.

Transfer Payable to the City of Toronto

This amount represents the income payable to the City of Toronto at year-end or the amount receivable from the City of Toronto in the event of a loss.

Accounts Payable

This amount is at a high value because many of the invoices associated with the 2003 Canadian National Exhibition have been received but as of the date of the interim statements the payment had not yet been paid.

Statement of Operations (Income Statement)

Consolidated Position

The statement indicates a consolidated net loss for the organization of \$754,248. This is an interim value and the actual year-end result could differ considerably because of the timing of expenditures and revenues for Exhibition Place programs.

Canadian National Exhibition

The Canadian National Exhibition's statement (Schedule # 1) shows a net profit of \$871,054 as of September 30, 2003 but this amount is not indicative of the year-end position because at this point in the year all of the revenues associated with the annual fair have been received and booked but many of the expenditures still need to be recognized.

The National Trade Centre

The National Trade Centre's statement (Schedule # 3) indicates a net loss of \$171,909. This amount is also not indicative of the year-end position because it is a common pattern for the National Trade Centre to be at a low earning point in the early fall but to make significant amount of income from the shows in the final months of the year.

Conclusion:

This report presents the interim financial statements for Exhibition Place on a consolidated basis for the nine-month period ending September 30, 2003. The financial statements appended to this report have not been subject to review by the external auditors for the organization.

Contact:

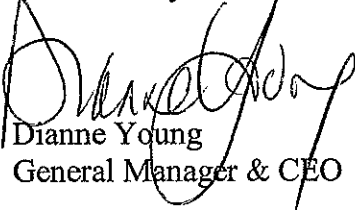
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Submitted by:



Dianne Young
General Manager & CEO

Board of Governors of Exhibition Place

CONSOLIDATED BALANCE SHEET

| | Sep 30/03 \$ | Dec 31/02 \$ |
|--|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 5,872,558 | 8,583,487 |
| Accounts receivable | | |
| Trade | 6,853,570 | 3,556,700 |
| City of Toronto | 50,721 | 2,147,684 |
| Inventories | 121,258 | 173,083 |
| Prepaid expenses | 852,006 | 208,014 |
| Transfer receivable from the City of Toronto | 754,248 | 0 |
| Total current assets | 14,504,361 | 14,668,968 |
| Receivable from the City of Toronto [note 3] | 3,909,217 | 4,013,630 |
| Capital assets, net [note 7] | 170,261 | 267,826 |
| | 18,583,839 | 18,950,424 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | | |
| Trade | 10,040,319 | 4,474,894 |
| City of Toronto | 0 | 2,695,107 |
| Current portion of employee benefits payable | 663,506 | 663,506 |
| Deferred revenue | 3,345,014 | 4,016,984 |
| Transfer payable to the City of Toronto | 0 | 2,564,933 |
| Total current liabilities | 14,048,839 | 14,415,424 |
| Employee benefits payable | 4,535,000 | 4,535,000 |
| | 18,838,839 | 18,950,424 |

Board of Governors of Exhibition Place

CONSOLIDATED STATEMENT OF OPERATIONS

Nine month period ended September 30, 2003

| | Sep 30/03 \$ | Dec 31/02 \$ |
|---|-------------------|-------------------|
| REVENUE | | |
| Annual Exhibition <i>[schedule 1]</i> | 14,367,638 | 17,329,027 |
| Exhibition Place <i>[schedule 2]</i> | 6,168,260 | 11,789,573 |
| National Trade Centre <i>[schedule 3]</i> | 7,844,585 | 14,575,434 |
| | 28,380,483 | 43,694,034 |
| EXPENSES | | |
| Annual Exhibition <i>[schedule 1]</i> | 13,496,583 | 15,826,081 |
| Exhibition Place <i>[schedule 2]</i> | 7,621,654 | 13,005,697 |
| National Trade Centre <i>[schedule 3]</i> | 8,016,494 | 12,205,074 |
| | 29,134,731 | 41,036,852 |
| (Loss)/income before the following | (754,248) | 2,657,182 |
| Receivable/(payable) to City of Toronto | 754,248 | (2,657,182) |
| Net income for the period/year | — | — |

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Board of Governors of Exhibition Place

CONSOLIDATED STATEMENT OF CASH FLOWS

Nine month period ended September 30, 2003

| | Sep 30/03 \$ | Dec 31/03 \$ |
|--|--------------------|------------------|
| OPERATING ACTIVITIES | | |
| Net income for the period/year | — | — |
| Add non-cash item | | |
| Amortization of capital assets | 106,319 | 155,971 |
| | <u>106,319</u> | <u>155,971</u> |
| Changes in non-cash working capital balances related to operations | | |
| Accounts receivable - Trade | (3,296,870) | (355,801) |
| Accounts receivable - City of Toronto | 2,096,963 | (1,554,486) |
| Inventories | 51,825 | (5,442) |
| Prepaid expenses | (643,992) | (109,069) |
| Trade accounts payable | 5,565,425 | 1,392,605 |
| Employee benefits payable | 0 | 113,300 |
| Payable to the City of Toronto | (2,695,107) | 1,796,661 |
| Deferred revenue | (671,970) | (57,242) |
| Transfer receivable/payable from/to the City of Toronto | (3,319,181) | 1,721,949 |
| Cash provided by (used in) operating activities | <u>(2,806,588)</u> | <u>3,098,446</u> |
| INVESTING AND FINANCING ACTIVITIES | | |
| Purchase of capital assets | (8,754) | (41,701) |
| Decrease in receivable from the City of Toronto | 104,413 | 92,248 |
| Cash provided by investing and financing activities | <u>95,659</u> | <u>50,547</u> |
| Net increase (decrease) in cash during the period/year | <u>(2,710,929)</u> | <u>3,148,993</u> |
| Cash and cash equivalents, beginning of period/year | <u>8,583,487</u> | <u>5,434,494</u> |
| Cash and cash equivalents, end of period/year | <u>5,872,558</u> | <u>8,583,487</u> |

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Exhibition Place Operations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003

1. Basis of Consolidations

These financial statements present on a consolidated basis the interim results of the National Trade Centre, the Canadian National Exhibition Association and Exhibition Place Operations.

2. Accounting Policies

Revenues and expenses are recognized on an accrual basis in these statements. Revenue is recorded when received or receivable if the amount can be reasonably estimated. Expenditures are recognized in the period in which they were incurred.

3. Receivable from the City of Toronto

The consolidated financial statements indicate an amount receivable from the City of \$3,909,217 which represents the estimated future liability payable by the Board for employee-related benefits less the net book value of capital assets and any funds that have been accumulated to offset this future liability.

4. External Audit

These interim financial statements have not been subject to an external audit.

5. Year End Adjustments

Certain normal year end transfers are not included in the statements and would have the effect of increasing net income and of lowering the following expenditures:

| | |
|--------------------------------------|-------------------|
| Workers Safety and Insurance Board | \$152,000 |
| Capital Funding of Engineering Costs | <u>168,702</u> |
| | <u>\$ 320,702</u> |

6. Significant Estimates

For hydro expense, there has been difficulty obtaining accurate billing information for the first nine months of the year. The following estimates have been made and included in the interim statements.

| | |
|------------------------------|--------------------|
| National Trade Centre | \$962,720 |
| Exhibition Place | 726,262 |
| Canadian National Exhibition | <u>180,000</u> |
| | <u>\$1,868,982</u> |

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7. Capital Assets

Capital assets consist of the following:

| | <u>September 30, 2003</u> | | | <u>December 31, 2003</u> | | |
|-------------------------------|---------------------------|--------------------------|----------------|--------------------------|--------------------------|----------------|
| | Cost | Accumulated amortization | Net book value | Cost | Accumulated amortization | Net book value |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Motor vehicles | 261,634 | 224,720 | 36,914 | 261,634 | 212,415 | 49,219 |
| Computer equipment | 104,145 | 87,745 | 16,400 | 86,124 | 76,580 | 9,544 |
| Electrical equipment | 308,423 | 267,462 | 40,962 | 308,423 | 221,200 | 87,223 |
| Other equipment and furniture | 365,479 | 289,493 | 75,986 | 374,746 | 252,906 | 121,840 |
| | <u>1,093,681</u> | <u>869,420</u> | <u>170,261</u> | <u>1,030,927</u> | <u>763,101</u> | <u>267,826</u> |

**ANNUAL EXHIBITION
SCHEDULE OF OPERATIONS**

Nine month period ended September 30, 2003

| | Sep 30/03 \$ | Dec 31/02 \$ |
|---|-------------------|-------------------|
| REVENUE | | |
| Midway, concessions and casino | 4,563,744 | 6,382,469 |
| Ground admissions | 5,000,465 | 6,106,444 |
| Entry fees and exhibit rentals | 3,257,283 | 3,131,106 |
| Parking | 902,745 | 1,208,095 |
| Sponsorships | 643,401 | 500,913 |
| | 14,367,638 | 17,329,027 |
| EXPENSES | | |
| Operations <i>[note 6]</i> | 6,911,900 | 8,151,007 |
| Attractions and casino | 5,080,774 | 5,793,074 |
| Marketing | 1,400,253 | 1,730,172 |
| Parking attendants' wages and sundry costs | 99,735 | 146,600 |
| Amortization of capital assets | 3,921 | 5,228 |
| | 13,496,583 | 15,826,081 |
| Net operating income for the period/year | 871,054 | 1,502,946 |

**EXHIBITION PLACE
SCHEDULE OF OPERATIONS**

Nine month period ended September 30, 2003

| | Sep 30/03 \$ | Dec 31/02 \$ |
|---|--------------------|--------------------|
| REVENUE | | |
| Building rentals and concessions | 1,608,884 | 1,844,036 |
| Sale of services | 1,683,038 | 4,332,792 |
| Parking | 2,147,156 | 4,448,331 |
| Discounts, commission and realty tax recoveries | 729,182 | 1,164,414 |
| | 6,168,260 | 11,789,573 |
| EXPENSES | | |
| Maintenance, cleaning and security | 2,855,145 | 3,888,134 |
| Administration | 2,217,708 | 3,123,496 |
| Cost of sale of services | 1,436,773 | 2,987,971 |
| Utilities <i>[note 6]</i> | 384,062 | 1,675,833 |
| Parking attendants' wages and sundry costs | 640,968 | 951,358 |
| Major improvements | 27,901 | 292,937 |
| Amortization of capital assets | 59,095 | 85,968 |
| | 7,621,654 | 13,005,697 |
| Net operating loss for the period/year | (1,453,394) | (1,216,124) |

**NATIONAL TRADE CENTRE
SCHEDULE OF OPERATIONS**

Nine month period ended September 30, 2003

| | Sep 30/03 \$ | Dec 31/02 \$ |
|--|------------------|-------------------|
| REVENUE | | |
| Building rentals | 3,937,182 | 7,076,031 |
| Sale of services | 2,289,808 | 4,977,491 |
| Catering commissions | 748,380 | 1,319,061 |
| Advertising, sponsorship, interest and recoveries | 869,215 | 1,202,851 |
| | 7,844,585 | 14,575,434 |
| EXPENSES | | |
| Maintenance, cleaning and security | 2,201,612 | 3,221,171 |
| Administration | 3,024,469 | 3,983,790 |
| Cost of sale of services | 1,286,031 | 2,765,129 |
| Utilities <i>[note 6]</i> | 1,461,080 | 2,212,551 |
| Amortization of capital assets | 43,302 | 64,772 |
| Employee benefits | 0 | (42,339) |
| | 8,016,494 | 12,205,074 |
| Net operating (loss)/income for the period/year | (171,909) | 2,370,360 |

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