Consolidated Financial Statements

Board of Governors of Exhibition Place

December 31, 2008

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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
March 30, 2009.

Board of Governors of Exhibition Place

CONSOLIDATED BALANCE SHEET

As at December 31

	2008	2007
	$	$
		[restated - note 3]
ASSETS		
Current		
Cash	**4,652,751**	3,716,617
Accounts receivable		
Trade *[notes 12[b][i] and [iii]]*	**3,637,058**	4,350,020
City of Toronto *[note 4[a]]*	**14,940,435**	10,299,945
Prepaid expenses and other	**231,395**	171,091
Total current assets	**23,461,639**	18,537,673
Receivable from the City of Toronto *[note 4[b]]*	**5,653,207**	6,352,269
Rent receivable *[note 5]*	**2,546,088**	2,552,159
Energy retrofit assets, net *[note 6]*	**5,980,857**	6,327,581
Equipment, net *[note 7]*	**142,813**	257,260
	37,784,604	34,026,942
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Trade	**13,884,036**	7,576,451
City of Toronto *[note 4[a]]*	**1,782,568**	3,607,909
Current portion of employee future benefits payable *[note 8]*	**1,189,631**	1,042,705
Transfer payable to the City of Toronto *[note 1]*	**2,419,324**	3,143,838
Current portion of loans payable *[notes 4[c] and 9]*	**356,020**	343,589
Deferred revenue	**4,993,032**	4,289,496
Total current liabilities	**24,624,611**	20,003,988
Suite deposits payable	**218,125**	218,125
Employee future benefits payable *[note 8]*	**6,943,657**	7,884,973
Loans payable *[notes 4[c] and 9]*	**5,998,211**	5,919,856
	37,784,604	34,026,942

Contingencies *[note 14]*

See accompanying notes

On behalf of the Board:

Chair
Board of Governors

Chair
Finance and Audit Committee

Board of Governors of Exhibition Place

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31

	2008	2007
	$	$
		[restated - note 3]
REVENUE		
Canadian National Exhibition *[schedule 1]*	**25,321,052**	23,940,608
Exhibition Place *[schedule 2]*	**12,402,813**	11,641,884
Direct Energy Centre *[schedule 3]*	**15,823,131**	16,410,474
National Soccer Stadium (BMO Field) *[schedule 4]*	**8,250,848**	8,390,230
	61,797,844	60,383,196
EXPENSES		
Canadian National Exhibition *[schedule 1]*	**23,207,768**	22,380,870
Exhibition Place *[schedule 2]*	**19,226,587**	21,056,943
Direct Energy Centre *[schedule 3]*	**8,144,366**	7,661,693
National Soccer Stadium (BMO Field) *[schedule 4]*	**8,092,007**	7,882,160
	58,670,728	58,981,666
Income before the following	**3,127,116**	1,401,530
Transfer to the City of Toronto *[note 1]*	**(3,127,116)**	(1,401,530)
Net income for the year	**—**	—

See accompanying notes

Board of Governors of Exhibition Place

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

	2008	2007
	$	$
		[restated - note 3]
OPERATING ACTIVITIES		
Net income for the year	**—**	—
Add non-cash item		
Amortization of equipment and energy retrofit assets	**470,799**	347,325
	470,799	347,325
Changes in non-cash working capital balances related to operations		
Decrease (increase) in trade accounts receivable	**712,962**	(186,499)
Increase in accounts receivable from the City of Toronto	**(4,640,490)**	(3,723,659)
Decrease (increase) in prepaid expenses and other	**(60,304)**	69,307
Decrease in transfer receivable from the City of Toronto	**—**	2,267,491
Decrease (increase) in rent receivable	**6,071**	(82,865)
Increase (decrease) in trade accounts payable and accrued liabilities	**6,703,733**	(1,290,730)
Increase (decrease) in accounts payable and accrued liabilities to the City of Toronto	**(1,825,341)**	1,764,003
Increase (decrease) in transfer payable to the City of Toronto	**(724,514)**	3,143,838
Increase in deferred revenue	**703,536**	231,688
Increase in suite deposits payable	**—**	218,125
	1,346,452	2,758,024
Decrease (increase) in long-term receivable from the City of Toronto	**699,062**	(1,742,310)
Change in employee future benefits payable	**(794,390)**	1,870,481
Cash provided by operating activities	**1,251,124**	2,886,195
INVESTING ACTIVITIES		
Purchase of equipment	**(9,628)**	(170,364)
Cash used in investing activities	**(9,628)**	(170,364)
FINANCING ACTIVITIES		
Decrease in loans payable, net	**(305,362)**	(14,486)
Cash used in financing activities	**(305,362)**	(14,486)
Net increase in cash during the year	**936,134**	2,701,345
Cash, beginning of year	**3,716,617**	1,015,272
Cash, end of year	**4,652,751**	3,716,617
Non-cash transactions		
Energy retrofit assets financed through loans payable	**393,797**	585,737

See accompanying notes

CANADIAN NATIONAL EXHIBITION
CONSOLIDATED SCHEDULE OF OPERATIONS

Year ended December 31

	2008	2007
	$	$
		[restated - note 3]
REVENUE		
Midway, concessions and casino	**11,009,043**	9,362,382
Ground admissions	**7,731,261**	7,708,770
Entry fees and exhibit rentals	**3,729,607**	3,620,096
Sponsorships *[note 10[a]]*	**1,559,297**	2,060,402
Parking	**1,291,844**	1,188,958
	25,321,052	23,940,608
EXPENSES *[note 8]*		
Operations *[notes 4[a] and [f]]*	**11,004,980**	10,773,940
Attractions and casino	**9,197,593**	7,804,571
Marketing	**2,671,078**	3,466,045
Parking attendants' wages and sundry costs	**300,938**	287,431
Amortization of equipment	**22,760**	22,760
	23,197,349	22,354,747
Income before the following	**2,123,703**	1,585,861
Vacation and sick leave benefits cost *[note 8]*	**(10,419)**	(26,123)
Net income for the year	**2,113,284**	1,559,738

See accompanying notes

EXHIBITION PLACE
CONSOLIDATED SCHEDULE OF OPERATIONS

Year ended December 31

	2008	2007
	$	$
		[restated - note 3]
REVENUE		
Parking	**6,332,403**	5,862,680
Sale of services	**2,956,789**	2,921,995
Discounts, commissions, incentives and realty tax recoveries	**1,023,655**	459,609
Building rentals and concessions	**2,089,966**	2,397,600
	12,402,813	11,641,884
EXPENSES		
Administration *[notes 4[a] and 8]*	**1,490,446**	2,089,406
Maintenance, cleaning and security	**9,967,545**	9,024,294
Cost of sale of services	**2,508,464**	2,401,778
Parking attendants' wages and sundry costs	**2,231,107**	2,091,694
Utilities	**2,805,898**	2,676,110
City of Toronto Vehicle Reserve *[note 4[e]]*	**350,000**	350,000
Interest expense from energy retrofit loans	**289,638**	311,907
Amortization of equipment and energy retrofit assets	**388,297**	267,397
	20,031,395	19,212,586
Loss before the following	**(7,628,582)**	(7,570,702)
Vacation and sick leave benefits recovery (cost) *[note 8]*	**804,808**	(1,844,357)
Net loss for the year	**(6,823,774)**	(9,415,059)

See accompanying notes

DIRECT ENERGY CENTRE
CONSOLIDATED SCHEDULE OF OPERATIONS

Year ended December 31

	2008 $	2007 $
REVENUE		
Building rentals	**7,490,690**	7,769,962
Sale of services	**5,544,073**	5,587,935
Catering commissions	**1,110,953**	1,279,160
Advertising, sponsorship, interest and recoveries	**977,415**	1,073,417
Naming rights *[note 1]*	**700,000**	700,000
	15,823,131	16,410,474
EXPENSES		
Administration *[note 1]*	**3,860,052**	3,839,892
Maintenance, cleaning and security	**690,464**	532,807
Cost of sale of services	**3,014,742**	2,949,148
Contribution to City of Toronto - Exhibition Place Conference Centre Reserve Fund *[note 11]*	**564,367**	327,677
Amortization of equipment	**14,741**	12,169
	8,144,366	7,661,693
Net income for the year	**7,678,765**	8,748,781

See accompanying notes

NATIONAL SOCCER STADIUM (BMO FIELD)
CONSOLIDATED SCHEDULE OF OPERATIONS

Year ended December 31

	2008	**2007**
	$	$
REVENUE		
Food and beverage	**4,523,003**	4,815,982
Usage fees and merchandise revenue	**1,781,508**	1,369,173
Suite and ticket rebates	**828,001**	1,070,609
Sponsorships	**853,750**	594,589
Other	**264,586**	539,877
	8,250,848	8,390,230
EXPENSES		
Salaries, wages and benefits	**1,976,535**	2,041,100
Cost of goods sold - food and beverage	**1,585,758**	1,582,054
Supplies and services	**1,795,576**	1,270,472
Royalty	**1,084,097**	1,060,391
Utilities, insurance and other *[note 4[e]]*	**881,200**	871,196
Incentives and rebates	**118,841**	511,947
Contribution to City of Toronto Capital Reserve *[note 4[e]]*	**400,000**	300,000
Management fee	**205,000**	200,000
Amortization of equipment	**45,000**	45,000
	8,092,007	7,882,160
Net income for the year	**158,841**	508,070

See accompanying notes

Board of Governors of Exhibition Place

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

1. NATURE OF OPERATIONS

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, various reserves and reserve funds have been established and recorded within the City's accounts *[note 11]*.

These consolidated financial statements include the accounts of the Canadian National Exhibition Association ["CNEA"] *[schedule 1]*, Exhibition Place *[schedule 2],* Direct Energy Centre *[schedule 3]* and National Soccer Stadium (BMO Field) *[schedule 4]*.

The CNEA is controlled by the Board and is the only separate operating unit that is incorporated and, as such, produces separate audited financial statements for its members. The CNEA, under an agreement with the Board, manages and operates an annual fair [the "Canadian National Exhibition"].

Effective December 31, 2005, the Board entered into a 10-year naming sponsorship agreement with Direct Energy Marketing Limited for the "Direct Energy Centre" *[schedule 3]*.

The National Soccer Stadium (BMO Field) commenced its operations on April 28, 2007. The stadium is used to accommodate various sports functions throughout the year. The operation of the National Soccer Stadium (BMO Field) is governed by the terms of a management agreement that was entered into between the Board, the City and Maple Leaf Sports and Entertainment Ltd. ["MLSE"], whereby MLSE will manage the day-to-day operations of the stadium. The agreement was entered into in January 2007 and continues through to December 31, 2027.

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 by specific accounting recommendations of the Public Sector Accounting Board. The significant accounting policies are summarized as follows:

Revenue recognition

Revenue is recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The majority of the revenue in these consolidated financial statements is related to sales, service revenue [including suite sales and ticket rebates] and rent, and as such is recognized at point of sale or when the service has been provided.

Deferred revenue consists of rentals for space in trade shows and other events which have been paid in advance and are attributable to a future period.

Sponsorships

Agreements are entered into with a number of corporate sponsors whereby these sponsors provide cash, products, advertising or entertainment support to Exhibition Place, CNEA, Direct Energy Centre and National Soccer Stadium (BMO Field) 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.

Government assistance

The Board makes periodic applications for financial assistance under available government incentive programs. Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets.

Energy retrofit assets

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

Trigeneration project	20 years
DEC Halls lighting retrofit project	15 years
Five Exhibition Buildings improvement	15 years
Photovoltaic Horse Palace project	20 years

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

Employee benefit plans

The Board has adopted the following policies with respect to employee future 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 and expected health care costs;

- 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

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

Derivative financial instruments

The Board utilizes derivative financial instruments in the management of its purchase of electricity. The Board's policy is not to utilize derivative financial instruments for trading or speculative purposes.

Derivative contracts entered into by the City, to which the Board is a party, and contracts entered into on its own behalf, are recorded at their fair value as an asset or a liability based on quoted market prices or dealer quotes with changes in fair value, if any, recorded in the consolidated statement of operations.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the consolidated balance sheet date. Revenue and expense transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Gains or losses resulting from currency transactions are included in the consolidated statement of operations for the year.

Financial instruments

The Board has designated its financial instruments as follows:

- Cash as held for trading;
- Current accounts receivable and long-term receivables as loans and receivables; and
- Accounts payable and accrued liabilities, loans payable and transfer payable to the City of Toronto as other liabilities.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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 future benefits liability 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

Accounting policy changes

Effective January 1, 2008, the Board adopted the recommendations of the Canadian Institute of Chartered Accountants ["CICA"] 1535: *Capital Disclosures*, which requires the disclosure of qualitative and quantitative information that enables users of the consolidated financial statements to evaluate the Board's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures which are provided in note 13.

Effective January 1, 2008, the Board adopted the recommendations of CICA 3862: *Financial Instruments - Disclosures* and CICA 3863: *Financial Instruments - Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks. The adoption of these recommendations required additional disclosures which are provided in note 12.

Future accounting policy changes

In February 2008, the Accounting Standards Board amended CICA 1000: *Financial Statement Concepts,* to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the balance sheet. The amendments are effective for financial statements for fiscal years beginning on or after October 1, 2008. These amendments are not expected to have an impact on the consolidated financial statements.

3. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

[a] Energy retrofit assets

The comparative 2007 consolidated financial statements have been restated to reflect an error in the recognition of energy retrofit assets and the financing of those improvements through loans payable by the Board. The energy retrofit assets and loans payable relate to the energy retrofit projects as described in notes 4[c], 6 and 9.

As at December 31, 2007, energy retrofit assets, net, increased by $6,327,581, accounts payable and accrued liabilities to the City increased by $64,136, and the current and non-current portion of loans payable increased by $343,589 and $5,919,856, respectively, in the consolidated balance sheet. In the Exhibition Place consolidated schedule of operations *[schedule 2],* discounts, commissions, incentives and realty tax recoveries increased by $56,016, utilities expense decreased by $480,500, interest expense from energy retrofit loans increased by $311,906 and amortization of equipment and energy retrofit assets increased by $224,610. In the consolidated statement of cash flows, amortization of equipment and energy retrofit assets increased by $224,610 and principal repayments on loans payable increased by $140,663.

[b] Employee future benefits

The comparative 2007 consolidated financial statements have been restated to reflect an error in the actuarial valuation of sick leave liabilities, which are included in employee future benefits payable. The actuarial error understated the accumulated sick leave liability and resulted in an understatement of sick leave benefits payable.

As a result of the restatement, as at December 31, 2007, the sick leave liability *[note 8[a]]* increased by $680,848. As a result, the receivable from the City of Toronto and employee future benefits payable increased by $680,848, respectively, in the consolidated balance sheet. In the Canadian National Exhibition consolidated schedule of operations *[schedule 1]*, vacation and sick leave benefits cost increased by $78,817, which increased Canadian National Exhibition expenses in the consolidated statement of operations by the same amount. In the Exhibition Place consolidated schedule of operations *[schedule 2]*, vacation and sick leave benefits cost increased by $602,031, which increased Exhibition Place expenses in the consolidated statement of operations by the same amount. In addition, the transfer to the City of Toronto decreased by $680,848 in the consolidated statement of operations.

[c] Cash and cash equivalents

At December 31, 2007, $9,209,507 [2006 - $4,359,508] which was classified as cash and cash equivalents represented advances to the City to be invested to earn a rate of return for the benefit of the Board. As the funds were not directly invested by the Board, they have been excluded from cash and recorded in accounts receivable from the City of Toronto.

[d] The detailed impact of the restatement on 2007 reported values is as follows:

Consolidated balance sheet

	2007 Actual [as reported] $	**2007 Actual [as restated]** $	**Change** $
Cash	12,926,124	3,716,617	(9,209,507)
Accounts receivable - City of Toronto	1,090,438	10,299,945	9,209,507
Receivable from the City of Toronto	5,671,421	6,352,269	680,848
Energy retrofit assets	—	6,327,581	6,327,581
Accounts payable and accrued liabilities	(7,512,315)	(7,576,451)	(64,136)
Employee future benefits payable	(8,246,830)	(8,927,678)	(680,848)
Loans payable	—	(6,263,445)	(6,263,445)

Consolidated statement of operations

	2007 Actual [as reported] $	2007 Actual [as restated] $	Change $
Income before the following	2,082,378	1,401,530	(680,848)

4. RELATED PARTY TRANSACTIONS

[a] The Board is related to the City and its agencies, boards and commissions in terms of the City's ability to affect the operating, investing and financing policies of these entities. The Board enters into transactions with these related parties in the normal course of business at the agreed upon exchange amount. These amounts are included within receivables and payables on the consolidated balance sheet.

[b] In addition to current receivables and payables, the Board has a long-term, non-interest bearing receivable from the City, which relates to the funding of the following items:

	2008 $	2007 $ *[restated - note 3]*
Employee benefits obligation *[note 8[a]]*	**8,133,288**	8,927,678
Less net book value of equipment *[note 7]*	**(142,813)**	(257,260)
2003 adjustment - recording employee benefits	**239,103**	239,103
Other	**(30,283)**	(5,093)
Receivable from the City of Toronto before the following	**8,199,295**	8,904,428
Less step-up lease revenue receivable *[note 5]*	**(2,546,088)**	(2,552,159)
Receivable from the City of Toronto	**5,653,207**	6,352,269

[c] The Board has agreements with the City and another lender to make future payments as described in note 9 for the financing of energy retrofit assets as described in note 6 related to buildings at Exhibition Place for energy retrofit projects. The energy retrofit projects include the Trigeneration project, DEC Halls lighting retrofit project, Five Exhibition Buildings improvement and Photovoltaic Horse Palace project. The payments from the Board are determined based on the terms of the loans. Estimated savings in connection with the energy retrofit projects are utilized for the repayment of principal and interest on these loans.

[d] The Board has several agreements with the City for the establishment of various reserve funds that are recorded within the City's accounts *[note 11]*.

[e] Included in the City of Toronto Vehicle Reserve *[schedule 2]* are contributions of $350,000 [2007 - $350,000] which are expensed in the year incurred. In addition, the Board's insurance coverage is provided through the City and, as such, the Board contributes to the City's insurance reserve and expenses these contributions as made. Contributions for the year to the City's insurance reserve amounted to $485,310 [2007 - $486,175] and are included in expenses *[schedules 1, 2, 3 and 4]*.

In addition, under the terms of the management agreement for the operation of the National Soccer Stadium (BMO Field), the Board is to make annual contributions to the City of Toronto Capital Reserve. These contributions amounted to $400,000 [2007 - $300,000] and are expensed in the year incurred *[schedule 4]*.

[f] The Board donated $102,000 [2007 - $12,000] to the Canadian National Exhibition Foundation which is included in operations expense on schedule 1.

5. RENT RECEIVABLE

The Board has numerous long-term tenants on the grounds that pay annual rents based 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

6. ENERGY RETROFIT ASSETS

Energy retrofit assets consist of the following projects:

	2008			2007		
	Cost $	**Accumulated amortization** $	**Net book value** $	**Cost** $	**Accumulated amortization** $	**Net book value** $
				[note 10[b]]	*[restated - note 3]*	
Trigeneration	**4,144,000**	**341,017**	**3,802,983**	4,144,000	133,817	4,010,183
DEC Halls lighting retrofit	**722,880**	**122,404**	**600,476**	722,880	74,212	648,668
Five Exhibition Buildings improvement	**1,353,692**	**74,750**	**1,278,942**	1,353,692	—	1,353,692
Photovoltaic Horse Palace	**331,619**	**33,163**	**298,456**	331,619	16,581	315,038
	6,552,191	**571,334**	**5,980,857**	6,552,191	224,610	6,327,581

7. EQUIPMENT

Equipment consists of the following:

	2008			2007		
	Cost $	**Accumulated amortization** $	**Net book value** $	**Cost** $	**Accumulated amortization** $	**Net book value** $
Motor vehicles	**261,634**	**261,634**	**—**	261,634	261,634	—
Computer equipment	**251,508**	**243,715**	**7,793**	241,881	231,549	10,332
Electrical equipment	**325,409**	**324,080**	**1,329**	325,409	320,683	4,726
Other equipment and furniture	**813,829**	**680,138**	**133,691**	813,829	571,627	242,202
	1,652,380	**1,509,567**	**142,813**	1,642,753	1,385,493	257,260

8. EMPLOYEE FUTURE BENEFITS PAYABLE

The benefits for employees of the Board, the cost of which is reported in these consolidated financial statements, have the following characteristics:

Sick leave

The Board's short-term disability plan for non-unionized employees, provides salary protection at 100% or 75% based on an employee's benefit eligibility date for up to 26 weeks per illness or per calendar year. Absences greater than 26 weeks duration are covered under the Board's long-term disability plan.

Under the sick leave benefit plan, for unionized employees, employees are credited with a maximum of 18 days sick time per annum. Unused sick leave can accumulate and employees may become entitled to a cash payment, capped at one-half of unused sick time to a maximum of 130 days when they leave the Board's employment. The liability for the accumulated sick leave represents the extent to which sick leave benefits have vested and could be taken in cash by employees on termination of employment.

Vacation pay

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

Workplace Safety Insurance Board ["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 sustain injuries at the workplace plus the administration cost as determined by the WSIB.

Post-retirement and post-employment benefits

The Board provides health, dental, life insurance and long-term disability benefits to certain employees.

[a] The employee future benefits payable recorded in the consolidated financial statements, which is equal to the Board's accrued benefit obligation, consists of the following:

	2008 $	2007 $ *[restated - note 3]*
Sick leave	**1,193,151**	1,319,251
Vacation pay	**661,249**	533,782
WSIB	**2,236,702**	2,253,965
Other post-employment and post-retirement benefits	**4,042,186**	4,820,680
	8,133,288	8,927,678
Less current portion	**1,189,631**	1,042,705
	6,943,657	7,884,973

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

	2008 $	2007 $ *[restated - note 3]*
Balance, beginning of year	**8,393,896**	6,536,063
Actuarial loss (gain)	**(1,475,863)**	1,220,969
Current service cost	**762,561**	738,953
Interest cost	**427,262**	398,539
Expected benefits paid	**(635,817)**	(500,628)
Balance, end of year	**7,472,039**	8,393,896
Vacation pay	**661,249**	533,782
Total accrued benefit obligation	**8,133,288**	8,927,678

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[c] The benefit cost recognized during the year is calculated as follows:

	2008 $	2007 $ *[restated - note 3]*
Current service cost	**762,561**	738,953
Interest cost	**427,262**	398,539
Increase in vacation pay	**127,467**	12,650
Actuarial loss (gain)	**(1,475,863)**	1,220,969
	(158,573)	2,371,111

[d] There were $58,160 cash payments made in 2008 [2007 - nil] with respect to the sick leave plan. Vacation leave entitlements were taken as paid absences 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 totaled $906,319 [2007 - $824,470] and are included in expenses 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, 2006. The accrued benefit obligation as at December 31, 2008 is based on an extrapolation of the 2006 valuation. The next valuation is expected to be completed in 2009.

[f] The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligation and benefit costs for employee future benefits are as follows:

	2008 %	**2007** %
Discount rate for accrued benefit obligation		
Sick leave	**7.00**	5.00
Post-employment	**6.50**	4.65
Post-retirement benefits	**7.00**	5.00
Discount rate for benefit cost		
Sick leave	**5.00**	6.00
Post-employment	**4.65**	5.50
Post-retirement benefits	**5.00**	6.00
Health care inflation - hospital, dental care and other medical	**4.50-7.50**	4.50-7.50
Health care inflation - drugs	**10.00**	10.00
Rate of compensation increase	**3.00**	3.00

The health care rate for medical and drugs is assumed to be reduced to 5.0% by 2017. The health care rate for dental is assumed to be reduced to 4% by 2013.

[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, 2008 amounted to $758,097 [2007 - $672,825].

In addition to contributions for employees who participate in the OMERS plan, the Board has arrangements with bargaining units to make contributions to various pension plans and registered retirement savings plans on behalf of its employees. Contributions expensed under these plans for 2008 amounted to $984,177 [2007 - $903,028].

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9. LOANS PAYABLE

Loans payable consist of the following:

	2008 $	2007 $ *[restated - note 3]*
Loans payable to the City of Toronto		
Trigeneration, bearing interest at 5% and due on December 31, 2031	**2,308,160**	2,231,376
Trigeneration, bearing interest at 2.34% and due on June 20, 2017	**967,500**	1,075,000
Photovoltaic Horse Palace, a non-interest bearing loan discounted at an imputed interest rate of 5% and due on October 1, 2030	**322,381**	327,116
Five Exhibition Buildings improvement retrofit, bearing interest at 5% and due on December 31, 2017	**755,731**	872,043
Five Exhibition Buildings improvement retrofit, bearing interest at an average rate of 2.56% and due on December 31, 2018	**512,629**	132,035
DEC Halls lighting retrofit, bearing interest at 5% and due on December 31, 2016	**441,935**	484,522
DEC Halls lighting retrofit, bearing interest at 2.51% and due on December 31, 2017	**160,609**	178,455
Loan payable to Toronto Atmospheric Fund		
Trigeneration, bearing interest at 6.06% and due on January 3, 2017	**885,286**	962,898
	6,354,231	6,263,445
Less current portion	**356,020**	343,589
	5,998,211	5,919,856

The fixed principal repayments of the loans payable are as follows:

	$
2009	356,020
2010	327,189
2011	340,006
2012	353,545
2013	367,812
2014 and thereafter	4,609,659
	6,354,231

10. GOVERNMENT ASSISTANCE

[a] The Board received a grant of approximately $342,000 [2007 - $94,000] from the Government of Ontario which is recorded in sponsorships revenue on schedule 1.

[b] During the year, the Board recorded government assistance relating to energy retrofit projects that reduced the cost of energy retrofit assets by nil [2007 - $979,793].

11. 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, 2008 was $79,925 [2007 - $1,282,675]. In 2008, $1,240,972 [2007 - $786,750] was withdrawn from the fund by the City to finance certain expenditures related to the buildings at Exhibition Place. In addition, there was interest income earned in the amount of $38,222 [2007 - $103,079].

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, 2008 was nil [2007 - nil]. In 2007, the City withdrew the balance to fund in part the Board's 2006 deficit.

During 2003, 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 disposition of any future Exhibition Place annual surpluses is subject to the City Council contribution policy and a determination by the Chief Financial Officer of the City of the most appropriate course of action.

The City established and maintains an Exhibition Place Conference Centre Reserve Fund. The purpose of this fund is the financing of future financial obligations with respect to the proposed conference centre. Contributions made during the year amounted to $564,367 [2007 - $327,677] *[schedule 3]*. In addition, there was interest income earned in the amount of $23,393 [2007 - $4,933]. The balance of the Exhibition Place Conference Centre Reserve Fund as at December 31, 2008 was $1,251,013 [2007 - $663,253].

12. FINANCIAL INSTRUMENTS

[a] Fair value

The carrying values of the Board's financial instruments approximate their fair values unless otherwise noted.

The fair value of the long-term receivable from the City of Toronto is not determinable since there are no fixed terms of repayment.

[b] Risk management

The Board's investment activities expose it to a range of financial risks. These risks include credit risk, foreign currency risk, market risk, liquidity risk and interest rate risk, which are as follows:

[i] Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Board. The cost of the assets as presented in the consolidated balance sheet represents the maximum credit risk exposure at the date of the consolidated financial statements.

The Board, 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, 2008, two customers represented 10% of the Board's trade accounts receivable balance [2007 - one customer represented 10%].

Of the current and long-term receivables in the amount of $24,230,700, $20,593,642 is receivable from the City.

Management therefore believes that the Board's credit risk is low.

[ii] Foreign currency risk

The Board has limited foreign currency risk with respect to its financial instruments as substantially all of the Board's financial assets and financial liabilities are denominated in Canadian dollars.

[iii] Market risk

The Board is exposed to changes in electricity prices associated with a wholesale spot market for electricity in Ontario. The Board has addressed the commodity price risk exposure associated with changes in the wholesale price of electricity by entering into energy related purchase and sales contracts, through an agreement with the City and with an external party, which fixes a portion of the wholesale price over the term of the contract. All contracts entered into by the City in 2008 expired on December 31, 2008. The Board entered into two contracts separate from the City that expire on September 30, 2009. The fair value of these derivative contracts as at December 31, 2008 is a gain of $19,431 and is recorded in the consolidated statement of operations and in accounts receivable.

[iv] Liquidity risk

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. The Board has $13,924,614 of trade accounts payable and accrued liabilities that are due within one year. The Board has cash and accounts receivable from the City that will be sufficient to satisfy these liabilities.

[v] Interest rate risk

The Board is exposed to interest rate risk in its loans payable. The Board is not exposed to significant interest rate risk on its monetary current assets and current liabilities due to their short-term maturities.

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13. CAPITAL MANAGEMENT

In managing capital, the Board focuses on liquid resources available for operations. The Board's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. Excess funds are advanced to the City to be invested to earn a rate of return for the benefit of the Board. These funds can be withdrawn on demand. As at December 31, 2008, the Board has met its objective of having sufficient liquid resources to meet its current obligations.

14. CONTINGENCIES

In the normal course of its operations, the Board is subject to various arbitrations, litigations and claims. Where a potential liability is determinable, management believes the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is determinable.

15. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 consolidated financial statements.