
Appendices

Appendix A: Financial statements

Appendix B: Summary of unadjusted and adjusted items

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted, as the report has not been prepared for, and is not intended for, any other purpose. Comments and conclusions should only be taken in context of the consolidated financial statements as a whole as we do not mean to express an opinion on any individual item or accounting estimate.

Appendix A: Financial statements

Board of Governors of Exhibition Place

Consolidated Financial Statements
December 31, 2012



May 24, 2013

Independent Auditor's Report

To the Members of Board of Governors of Exhibition Place

We have audited the accompanying consolidated financial statements of Board of Governors of Exhibition Place, which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of operations and accumulated deficit, changes in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Board of Governors of Exhibition Place as at December 31, 2012 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Board of Governors of Exhibition Place

Consolidated Balance Sheet

As at December 31, 2012

| | 2012 \$ | 2011 \$ |
|--|---------------------|---------------------|
| Financial Assets | | |
| Cash | 10,450,118 | 4,402,864 |
| Accounts receivable | | |
| Trade (note 4(a)) | 4,111,943 | 5,609,396 |
| City of Toronto (note 4(a)) | 1,645,635 | 7,879,623 |
| Receivable from City of Toronto (note 4(b)) | 7,353,742 | 7,372,960 |
| | <u>23,561,438</u> | <u>25,264,843</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | | |
| Trade | 6,767,773 | 8,375,771 |
| City of Toronto (notes 4(a) and (b)) | 618,182 | 2,402,790 |
| Employee future benefits payable (note 8) | 9,004,270 | 8,741,002 |
| Transfer payable to the City of Toronto (note 1) | 4,618,811 | 3,049,605 |
| Deferred revenue and contributions | 6,498,067 | 6,686,485 |
| Loans payable (note 9) | 45,773,358 | 47,141,151 |
| Suite deposits payable | 240,704 | 243,159 |
| Other liabilities | 518,717 | 484,454 |
| Government assistance | 1,645,849 | 1,794,962 |
| | <u>75,685,731</u> | <u>78,919,379</u> |
| Net Debt | <u>(52,124,293)</u> | <u>(53,654,536)</u> |
| Non-financial assets | | |
| Prepaid expenses and other | 236,099 | 329,643 |
| Step-up rent receivable (note 5) | 2,536,758 | 2,566,039 |
| Energy retrofit assets (note 6) | 8,302,580 | 8,889,260 |
| Building improvements (note 7) | 37,378,152 | 39,206,424 |
| | <u>48,453,589</u> | <u>50,991,366</u> |
| Accumulated conference centre deficit (note 12) | <u>3,670,704</u> | <u>2,663,170</u> |
| | <u>-</u> | <u>-</u> |

Contingencies (note 13)

Subsequent event (note 14)

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these consolidated financial statements.

Board of Governors of Exhibition Place

Consolidated Statement of Operations and Accumulated Deficit

For the year ended December 31, 2012

| | 2012 | | 2011 |
|---|-------------------|--------------------|--------------------|
| | Budget \$ | Actual \$ | Actual \$ |
| Revenue | | | |
| Canadian National Exhibition Association (schedule 1) | 25,292,046 | 27,216,809 | 25,910,870 |
| Exhibition Place (schedule 2) | 14,230,661 | 18,638,293 | 18,699,372 |
| Direct Energy Centre (schedule 3) | 15,261,379 | 15,219,771 | 15,354,367 |
| National Soccer Stadium (BMO Field) (schedule 4) | 8,313,209 | 9,628,859 | 10,576,746 |
| Allstream Centre (schedule 5) | 5,354,066 | 5,222,163 | 5,281,694 |
| | <u>68,451,361</u> | <u>75,925,895</u> | <u>75,823,049</u> |
| Expenses | | | |
| Canadian National Exhibition Association (schedule 1) | 24,492,046 | 24,414,075 | 23,840,533 |
| Exhibition Place (schedule 2) | 22,311,011 | 23,591,722 | 24,708,293 |
| Direct Energy Centre (schedule 3) | 8,233,753 | 8,773,275 | 9,122,067 |
| National Soccer Stadium (BMO Field) (schedule 4) | 8,062,874 | 9,286,631 | 10,079,877 |
| Allstream Centre (schedule 5) | 5,354,066 | 6,229,697 | 6,331,775 |
| | <u>68,453,750</u> | <u>72,295,400</u> | <u>74,082,545</u> |
| Surplus (deficit) before the following | (2,389) | 3,630,495 | 1,740,504 |
| Surplus transfer to the City of Toronto | 2,389 | (4,618,811) | (3,049,605) |
| Increase (decrease) in amounts to be recovered from the City | - | (19,218) | 259,020 |
| Deficit for the year | - | (1,007,534) | (1,050,081) |
| Accumulated conference centre deficit - Beginning of year | - | (2,663,170) | (1,613,089) |
| Accumulated conference centre deficit - End of year | - | <u>(3,670,704)</u> | <u>(2,663,170)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

Board of Governors of Exhibition Place

Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2012

| | 2012 \$ | 2011 \$ |
|--|---------------------|---------------------|
| Operating transactions | | |
| Deficit for the year | (1,007,534) | (1,050,081) |
| Tangible capital asset activities | | |
| Purchase of energy retrofit assets | (910) | (1,770,182) |
| Purchase of building improvements and equipment | (195,865) | (19,247) |
| Amortization of energy retrofit assets | 587,590 | 476,106 |
| Amortization of building improvements and equipment | 2,024,137 | 2,062,908 |
| | <u>2,414,952</u> | <u>749,585</u> |
| Other non-financial activities | | |
| Acquisition of prepaid expenses and other | 93,544 | 17,658 |
| Accretion of step-up rent receivable | 29,281 | 11,683 |
| | <u>122,825</u> | <u>29,341</u> |
| Decrease (increase) in net debt during the year | 1,530,243 | (271,155) |
| Net debt - Beginning of year | <u>(53,654,536)</u> | <u>(53,383,381)</u> |
| Net debt - End of year | <u>(52,124,293)</u> | <u>(53,654,536)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

Board of Governors of Exhibition Place

Consolidated Statement of Cash Flows

For the year ended December 31, 2012

| | 2012 \$ | 2011 \$ |
|--|-------------------|--------------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Deficit for the year | (1,007,534) | (1,050,081) |
| Add (deduct): Non-cash items | | |
| Employee future benefits expense | 263,268 | 280,171 |
| Amortization of energy retrofit assets | 587,590 | 476,106 |
| Amortization of building improvements and equipment | 2,024,137 | 2,062,908 |
| Government assistance | (149,113) | 454,539 |
| Accretion of step-up receivable | 29,281 | 11,683 |
| Interest accrued on loans payable | 2,207,436 | 2,918,850 |
| Changes in non-capital working capital balance related to operations | | |
| Trade accounts receivable | 1,497,453 | (762,801) |
| Accounts receivable from the City of Toronto | 6,233,988 | 3,127,596 |
| Receivable due from City of Toronto | 19,218 | (259,020) |
| Prepaid expenses and other | 93,544 | 17,658 |
| Trade accounts payable and accrued liabilities | (1,607,998) | (2,465,521) |
| Accounts payable and accrued liabilities due to the City of Toronto | (1,784,608) | 1,299,176 |
| Deferred revenue and contributions | (188,418) | (1,222,766) |
| Suite deposits payable | (2,455) | - |
| Other liabilities | 34,263 | - |
| Surplus transfer payable to the City of Toronto | 1,569,206 | 1,786,879 |
| | <u>9,819,258</u> | <u>6,675,377</u> |
| Capital activities | | |
| Purchase of energy retrofit assets | (910) | (1,770,182) |
| Purchase of building improvements and equipment | (195,865) | (19,247) |
| | <u>(196,775)</u> | <u>(1,789,429)</u> |
| Financing activities | | |
| Repayments of loans payable | (3,575,229) | (3,508,479) |
| Increase in cash during the year | <u>6,047,254</u> | <u>1,377,469</u> |
| Cash - Beginning of year | <u>4,402,864</u> | <u>3,025,395</u> |
| Cash - End of year | <u>10,450,118</u> | <u>4,402,864</u> |

The accompanying notes are an integral part of these consolidated financial statements.

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

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, excluding certain building improvements, are the property of the City and therefore the cost for such 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 10).

These consolidated financial statements include the operations of the Canadian National Exhibition Association (CNEA) (schedule 1), Exhibition Place (schedule 2), Direct Energy Centre (schedule 3), National Soccer Stadium (BMO Field) (schedule 4) and Allstream Centre (schedule 5).

The CNEA operates under a memorandum of understanding with 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) (note 14).

Effective December 31, 2005, the Board entered into a ten-year naming right sponsorship agreement with Direct Energy Marketing Limited for the Direct Energy Centre (schedule 3).

Effective August 1, 2009, the Board entered into a ten-year naming right sponsorship agreement with MTS Allstream for the Allstream Centre (schedule 2). The Allstream Centre commenced its operations on October 19, 2009 (schedule 5).

The National Soccer Stadium (BMO Field) is used to accommodate various sports functions throughout the year. The operation of 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 a municipal government entity under the Income Tax Act and accordingly is exempt from income taxes.

2 Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) for local governments established by the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants. The significant accounting policies are summarized as follows.

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

Basis of consolidation

The consolidated financial statements include the accounts of the Board and its wholly owned subsidiary, Canadian National Exhibition Association (note 14). Intercompany transactions have been eliminated.

Revenue recognition

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 is recognized at the point of sale or when the service has been provided.

Deferred revenue and contributions

Deferred revenue and contributions consist of monies received for naming rights, rentals for space in trade shows and other events that 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, BMO Field and Allstream Centre 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 liability on the consolidated balance sheet and amortized into income on the same basis as the capital asset to which the funds related. Government assistance for non-capital expenditures is included in the consolidated statement of operations and accumulated deficit.

Energy retrofit assets

Energy retrofit assets are recorded at cost less accumulated amortization. Amortization is calculated when the project is fully commissioned 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 project | 15 years |
| Photovoltaic Horse Palace project | 20 years |
| Boiler replacements and various lighting retrofit projects | 20 years |
| Back pressure steam turbine and LED pathway lighting projects | 20 years |
| Horse Palace, east annex photovoltaic and multiple energy projects | 20 years |

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

Building improvements and equipment

Building improvements and equipment 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:

| | |
|--|---------------|
| Motor vehicles | 5 years |
| Computer equipment and software | 3 years |
| Electrical equipment | 5 years |
| Other equipment and furniture | 2 to 20 years |
| Allstream Centre building improvements | 25 years |

Employee benefit plans

The Board has the following policies with respect to employee future benefit plans:

- The Board's contributions to a multi-employer defined benefit pension plan with the City of Toronto and Ontario Municipal Employees Retirement System (OMERS), are expensed when contributions are due as the plan is accounted for as a defined contribution plan.
- 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 prorated on service and management's best estimate of retirement ages of employees, salary escalation and expected health-care costs.
- Past service costs from plan amendments are expensed in the period of plan amendment.
- Net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group.

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 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 and accumulated deficit.

Financial instruments

The Board classifies its financial instruments into one of the following categories based on the purpose for which the assets were acquired. The Board's accounting policy for each category is as follows:

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

| Financial instrument | Measurement category |
|--|----------------------|
| Cash | fair value |
| Accounts receivable | amortized cost |
| Accounts receivable - City of Toronto | amortized cost |
| Receivable from City of Toronto | amortized cost |
| Accounts payable and accrued liabilities - trade | amortized cost |
| Accounts payable and accrued liabilities - City of Toronto | amortized cost |
| Suite deposits payable | amortized cost |
| Loans payable | amortized cost |
| Transfer payable to the City of Toronto | amortized cost |
| Other liabilities | amortized cost |

Measurement uncertainty

The preparation of consolidated financial statements in conformity with PSAS 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 and accumulated deficit 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.

Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the City of Toronto.

3 Future accounting pronouncements

The following accounting pronouncements have been issued by the PSAB, effective for fiscal years beginning on or after April 1, 2012:

Financial statement presentation

In June 2011, the PSAB approved Section PS 1201 which replaces PS 1200, Financial Statement Presentation. The new standard requires remeasurement gains/losses to be reported on a new statement: statement of remeasurement gains/losses. The accumulated surplus or deficit is presented as the total of the accumulated operating surplus or deficit and the accumulated remeasurement gains and losses.

Government transfers

In March 2011, the PSAB revised Section PS 3410, Government Transfers, which requires a transferring organization to recognize an expense when the transfer is authorized and recipients have met the eligibility criteria. The standard also revises the definition of a liability and when it could be recognized.

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

Financial Instruments

In June 2011, the PSAB approved Section PS 3450, Financial Instruments, which provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Financial assets and/or financial liabilities are to be recognized when the entity becomes a party to a financial instrument contract. Derivatives and portfolio investments that are equity instruments quoted in an active market are to be measured at fair value. The entity may report non-derivative financial assets and/or financial liabilities on a fair value basis if it manages and reports performance of these items on a fair value basis. The change in fair value of the items is recognized in the statement of re-measurement gains and losses until settlement and measurement provisions would be applied on a prospective basis.

Foreign currency translation

In June 2011, the PSAB approved Section PS 2601, Foreign Currency Translation. The standard aligns the definition of currency risk with the definitions in PS 3450, Financial Instruments. In addition, subsequent to initial recognition, (1) monetary items and (2) non-monetary items denominated in a foreign currency that are measured at fair value should be adjusted to reflect the exchange rate in effect on the financial statement date; foreign exchange gains or losses that arise prior to settlement are recognized in a new financial statement, the statement of remeasurement gains and losses, and in the period of settlement, the cumulative amount of remeasurement gains or losses is recycled to the statement of operations.

Management is currently in the process of assessing the impact of the adoption of these standards on its consolidated financial statements for the year ending December 31, 2013.

4 Related party balances and transactions

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.

- a) Accounts receivable include amounts owing from the City as a source of funding from the Conference Centre Reserve Fund with respect to the Allstream Centre's operating deficit, of which \$777,855 (2011 - \$1,065,707) is included in trade accounts receivable.

Included in trade accounts payable and accrued liabilities is \$nil (2011 - \$170,358) related to amounts owing to the City as part of the normal course of operations.

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

- b) The Board has a long-term, non-interest bearing receivable from the City, which relates to the funding of the following items:

| | 2012 \$ | 2011 \$ |
|---|-------------|-------------|
| Employee future benefits payable | 9,004,270 | 8,741,002 |
| Vacation and lieu time | 840,601 | 776,869 |
| Less: Net book value of certain equipment | (946,787) | (831,219) |
| Other | 218,627 | 218,627 |
| | <hr/> | <hr/> |
| Receivable from the City of Toronto before the following | 9,116,711 | 8,905,279 |
| Less: Net step-up lease revenue receivable on building and signage | (1,762,969) | (1,532,319) |
| | <hr/> | <hr/> |
| Receivable from the City of Toronto | 7,353,742 | 7,372,960 |

The decrease of \$19,218 (2011 - increase of \$259,020) in the receivable from the City of Toronto balance has been reflected in the consolidated statement of operations and accumulated deficit.

- c) The Board has arrangements with the City and another lender to make future payments as described in note 9 for the financing of energy retrofit assets (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 project, Photovoltaic Horse Palace project and boiler replacements, various lighting retrofit projects, back pressure steam turbine and LED pathway lighting projects. The payments made by 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 10).
- e) The Board has an economic interest in the Canadian National Exhibition Foundation (the Foundation) and is therefore considered to be a related party. The Foundation is an independent, charitable not-for-profit corporation, without share capital and has an independent board of directors (note 14).

The Board donated \$20,700 (2011 - \$12,000) to the Foundation, which is included in operations expense on schedule 1. The Board also provides administrative services to the Foundation at no cost.

- f) The Board contributes to a fund at the City that provides funding for vehicle, property and liability insurance claim payments and related legal and adjusting expenses. The fund is established for insurance claim costs below deductible levels and for payments that exceed insurance coverage levels. Contributions are paid to the City and the City makes insurance premium payments on behalf of the Board. During the year, the Board made \$600,692 (2011 - \$593,025) in contributions for insurance premium payments.

5 Step-up 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. The Board recognizes lease revenues over the term of

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

the lease on a straight-line basis. The amount will be included in surplus at various amounts over time up to 2025.

6 Energy retrofit assets

| | | | 2012 | 2011 |
|--|------------|-----------------------------------|-----------|-----------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Trigeneration | 4,400,000 | 1,242,083 | 3,157,917 | 3,377,917 |
| DEC Halls lighting retrofit project | 800,000 | 348,796 | 451,204 | 504,538 |
| Five Exhibition Buildings improvement project | 1,500,365 | 482,947 | 1,017,418 | 1,117,442 |
| Photovoltaic Horse Palace project | 1,100,000 | 330,000 | 770,000 | 825,000 |
| Boiler replacements and various lighting retrofit projects | 955,000 | 167,125 | 787,875 | 835,625 |
| Back pressure steam turbine and LED pathway lighting projects | 1,345,000 | 67,250 | 1,277,750 | 1,345,000 |
| Horse Palace, east annex photovoltaic and multiple energy projects | 884,648 | 44,232 | 840,416 | 883,738 |
| | 10,985,013 | 2,682,433 | 8,302,580 | 8,889,260 |

7 Building improvements and equipment

| | | | 2012 | 2011 |
|---|------------|-----------------------------------|------------|------------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Motor vehicles | 261,634 | 261,634 | - | - |
| Computer equipment | 323,818 | 251,511 | 72,307 | - |
| Electrical equipment | 384,775 | 363,006 | 21,769 | 33,642 |
| Other equipment and furniture | 5,834,533 | 2,418,921 | 3,415,612 | 3,753,724 |
| Allstream Centre building improvements | 38,764,844 | 4,896,380 | 33,868,464 | 35,419,058 |
| | 45,569,604 | 8,191,452 | 37,378,152 | 39,206,424 |

8 Employee future benefits payable

The employee future benefits are for employees of the Board, the cost of which is reported in these consolidated financial statements.

The benefit plans as noted below 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 totalled \$1,072,518 (2011 - \$1,087,216) and are included in expenses on the consolidated statement of operations and accumulated deficit.

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

The Board has the following benefit plans:

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. Previously unused sick leave could accumulate and employees may become eligible for a cash payment, capped at one-half of unused sick time to a maximum of 130 days when they leave the Board's employment. Effective February 28, 2008, employees are unable to accumulate unused sick leave credits. The liability for the accumulated sick leave represents the extent to which sick leave benefits have vested and could then be taken in cash by employees on termination of employment.

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 who 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.

The disclosures relating to these benefits are as follows:

| | 2012 | 2011 |
|--|------------------|------------------|
| | \$ | \$ |
| Accrued benefit obligation | 7,096,922 | 8,752,280 |
| Net unamortized actuarial gain (loss) | 1,907,348 | (11,278) |
| Total employee future benefits payable | <u>9,004,270</u> | <u>8,741,002</u> |

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

- a) Components of the accrued benefit obligation are as follows:

| | 2012 \$ | 2011 \$ |
|--|------------------|------------------|
| Sick leave | 1,230,988 | 1,337,908 |
| WSIB | 2,186,378 | 3,281,450 |
| Other post-employment and post-retirement benefits | 3,679,556 | 4,132,922 |
| | <u>7,096,922</u> | <u>8,752,280</u> |

- b) The continuity of the Board's accrued benefit obligation is as follows:

| | 2012 \$ | 2011 \$ |
|----------------------------------|------------------|------------------|
| Balance - Beginning of year | 8,752,280 | 7,826,633 |
| Current service cost | 555,165 | 504,172 |
| Interest cost | 303,781 | 340,095 |
| Benefits paid | (622,395) | (551,274) |
| Actuarial (gain) loss | (1,891,909) | 632,654 |
| Total accrued benefit obligation | <u>7,096,922</u> | <u>8,752,280</u> |

- c) The benefit cost (recovery) recognized during the year is calculated as follows:

| | 2012 \$ | 2011 \$ |
|---|----------------|----------------|
| Current service cost | 555,165 | 504,172 |
| Interest cost | 303,781 | 340,095 |
| Amortization of net actuarial gain (loss) | 26,717 | (12,824) |
| | <u>885,663</u> | <u>831,443</u> |

- d) There was \$48,425 (2011 - \$26,418) in cash payments made in 2012 with respect to the sick leave plan.
- e) Actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as of December 31, 2012. The next actuarial valuation is expected to be completed in 2015.
- f) The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligation and benefit costs for employee future benefits are as follows:

| | 2012 % | 2011 % |
|---|-------------|-------------|
| Discount rate | | |
| Sick leave | 3.50 | 3.50 |
| Post-employment benefits | 3.10 | 3.10 |
| Post-retirement benefits | 3.80 | 3.80 |
| WSIB | 3.10 | 3.10 |
| Health-care inflation - hospital, dental care and other medical | 3.40 - 6.80 | 4.00 - 8.00 |
| Health-care inflation - drugs | 6.80 | 8.00 |
| Rate of compensation increase | 3.00 | 3.00 |

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

The health-care rate for medical and drugs is assumed to be reduced to 4% by 2020. The health-care rate for dental is assumed to be reduced to 3% by 2015.

- g) In addition to the above-noted plans, the Board makes contributions to 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. However, it is accounted for as a defined contribution plan as it is a multi-employer plan. Total employer contributions for the year ended December 31, 2012 amounted to \$1,140,895 (2011 - \$997,158) and are included in the consolidated statement of operations and accumulated deficit.

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 2012 amounted to \$978,503 (2011 - \$1,031,757) and are included in the consolidated statement of operations and accumulated deficit.

9 Loans payable

| | 2012 \$ | 2011 \$ |
|--|-------------------|-------------------|
| Loans payable to the City of Toronto | | |
| Allstream Centre building improvements, bearing interest at 5% and due on October 1, 2035, interest owing on the loan is added to the principal until the first repayment date of December 1, 2010 | 36,718,703 | 37,573,031 |
| Allstream Centre building improvements, bearing interest at 2.375%, due on January 29, 2030 | 1,816,460 | 1,899,288 |
| Trigeneration, bearing interest at 5%, due on December 31, 2032 | 2,799,721 | 2,747,893 |
| Trigeneration, bearing interest at 2.34%, due on July 31, 2017 | 537,500 | 645,000 |
| Photovoltaic Horse Palace, a non-interest bearing loan discounted at an imputed interest rate of 5%, due on October 1, 2030 | 300,920 | 306,692 |
| Five Exhibition Buildings improvement retrofit, bearing interest at 5%, due on December 31, 2016 | 391,644 | 491,361 |
| Five Exhibition Buildings improvement retrofit, bearing interest at an average rate of 2.56%, due on December 31, 2018 | 302,296 | 354,879 |
| DEC Halls lighting retrofit, bearing interest at 5%, due on December 31, 2016 | 244,471 | 298,170 |
| DEC Halls lighting retrofit, bearing interest at 2.51%, due on December 31, 2017 | 89,227 | 107,072 |
| Boiler replacements and various lighting retrofit, bearing interest at 4.5%, due on December 31, 2037 | 779,656 | 781,172 |
| Boiler replacements and various lighting retrofit, bearing interest at 2.0%, due on December 31, 2021 | 199,014 | 222,888 |
| Back pressure steam turbine and LED pathway lighting retrofit, a non-interest bearing loan of \$1,000,000 discounted at an imputed interest rate of 5%, due on April 1, 2030 | 580,871 | 601,189 |
| Horse Palace, east annex pavilion and multiple energy project retrofit, a non-interest bearing loan of \$890,000 discounted at an imputed interest rate of 5%, due on January 1, 2022 | 655,903 | 688,419 |
| Loan payable to Toronto Atmospheric Fund | | |
| Trigeneration, bearing interest at 6.06%, due on January 3, 2017 | 356,972 | 424,097 |
| | <u>45,773,358</u> | <u>47,141,151</u> |

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

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

| | \$ |
|---------------------|-------------------|
| 2013 | 1,451,855 |
| 2014 | 1,517,775 |
| 2015 | 1,586,736 |
| 2016 | 1,586,224 |
| 2017 | 1,533,773 |
| 2018 and thereafter | <u>38,096,995</u> |
| | <u>45,773,358</u> |

10 City of Toronto reserve funds

The City maintains a number of reserve funds on behalf of the Board. These reserve funds are established by the City's Council and are detailed in the City's Municipal Code.

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. Contributions are no longer being made to this fund. The balance of the Capital Improvement Fund as at December 31, 2012 was \$82,029 (2011 - \$81,363).

Stabilization Fund

The purpose of this fund is to put income aside in profitable years in order to offset deficits in other years. This reserve is funded by any surplus generated by the operations of Exhibition Place greater than the approved annual budget up to a maximum accumulated balance of \$2,000,000 with the residual, if any, being contributed to the Capital Improvement Fund. The balance of the Stabilization Fund as at December 31, 2012 was \$3,174,925 (2011 - \$1,320,262).

At its meetings with respect to the independence of the CNEA on March 6, 2012, (note 14), Toronto City Council approved the placement of any surplus increase of the Council's approved budget for the CNEA for 2011 and 2012 to the Stabilization Fund for the sole purpose of assisting the CNEA to become independent from the Board and the City in 2013. Subsequent to the year-end, the balance in this fund will be transferred to the CNEA.

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.

Exhibition Place Conference Centre Reserve Fund

The purpose of this fund is to provide a source of funding for any cash shortfalls with respect to Allstream Centre operations. The contributions to the fund include the net revenue derived from the Direct Energy Centre and Allstream Centre naming rights and the surplus payable to the City. The balance of the Exhibition Place Conference Centre Reserve Fund as at December 31, 2012 was \$4,611,897 (2011 - \$2,711,866).

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

City of Toronto Fleet Reserve Fund

The purpose of this fund is to provide funding to the City for acquiring or purchasing fleet and motorized vehicles for the Board's operations. Annual funding promotes efficiencies and budget stabilization by moderating large fluctuations in the annual replacement of vehicles. The balance in the City of Toronto Fleet Reserve Fund as at December 31, 2012 was \$294,627 (2011 - \$260,324).

Soccer Stadium Capital Maintenance Fund

The purpose of this fund is to provide funding for capital expenditures for BMO Field. Under the terms of the management agreement for the operation of BMO Field, the Board is to make annual contributions to this reserve. The balance as at December 31, 2012 was \$672,659 (2011 - \$787,370).

11 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:

- Credit risk

Credit risk on financial instruments is the risk of a 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, 2012, two customers have a balance greater than 10% of the Board's trade accounts receivable balance (2011 - two customers).

At December 31, 2012, the following accounts receivable were past due but not impaired:

| | 30 days \$ | 60 days \$ | 90 days \$ | Over 120 days \$ |
|---------------------|---------------|---------------|---------------|------------------------|
| Accounts receivable | 1,158,088 | 150,471 | 66,407 | 280,214 |

Management believes the Board's credit risk is low.

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

- Liquidity risk

Liquidity risk is the risk the Board will not be able to meet its financial obligations when they come due. The Board manages its liquidity risk by forecasting cash flows from operations, anticipating investing and financing activities and maintaining credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements.

| | Up to 6 months \$ | More than 6 months up to 1 year \$ | More than 1 year up to 5 years \$ | More than 5 years \$ | Total \$ |
|--|-------------------------|---|---|----------------------------|-------------------|
| Accounts payable and accrued liabilities | 4,596,321 | 263,804 | 520,429 | 63,843 | 5,444,397 |
| Loans payable | 562,108 | 889,747 | 6,224,508 | 38,096,995 | 45,773,358 |
| | <u>5,158,429</u> | <u>1,153,551</u> | <u>6,744,937</u> | <u>38,160,838</u> | <u>51,217,755</u> |

- 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 prices of electricity by entering into energy related purchase and sales contracts, through an agreement with Direct Energy Business Services, which fixes a portion of the wholesale price over the term of the contract. All contracts entered into by the Board in 2012 expired on December 31, 2012.

- 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.

- Interest rate risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility of those rates. The Board has mitigated its interest rate risk on its loans payable through the use of fixed interest rates.

12 Accumulated conference centre deficit

The accumulated conference centre deficit results from the non-cash expenditures that are not funded by the Exhibition Place Conference Centre Reserve Fund (schedule 5). The loss for the period is represented by the amortization of the conference centre's building improvements offset by the principal loan repayments. The accumulated loss will reverse over 25 years, as this is the term of the loan repayment and amortization period of the building improvements. The accumulated deficit balance as at December 31, 2012 is \$3,670,704 (2011 - \$2,663,170).

Board of Governors of Exhibition Place

Notes to Consolidated Financial Statements

December 31, 2012

13 Contingencies

In the normal course of 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 the liability is able to be estimated.

14 Subsequent event

On January 27, 2012, the Board of Governors of Exhibition Place and the Board of Directors of the CNEA approved the terms of a Master Agreement that calls for the CNEA to become independent from both the Board and the City of Toronto, effective April 1, 2013. On March 6, 2012, Toronto City Council approved the terms and conditions associated with this agreement and has permitted the Board to execute the Master Agreement with the CNEA. Sick leave benefits of \$130,048 relating to CNEA employees have been excluded from the determination of employee future benefits payable for the year ended December 31, 2012. As these amounts will be paid upon separation on April 1, 2013, they have been included within accounts payable and accrued liabilities for the current year.

15 Comparative figures

Certain amounts within the comparative consolidated financial statements have been reclassified to conform to the current year presentation.

Board of Governors of Exhibition Place

Schedule 1

Consolidated Schedule of Operations - Canadian National Exhibition Association

For the year ended December 31, 2012 and December 31, 2011

| | <u>2012</u> | | <u>2011</u> |
|---|-------------------|-------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| | \$ | \$ | \$ |
| Revenue | | | |
| Midway, concessions and casino | 10,812,025 | 11,330,869 | 11,313,229 |
| Ground admissions | 7,978,075 | 8,935,769 | 7,864,051 |
| Entry fees and exhibit rentals | 4,057,942 | 4,152,529 | 4,094,056 |
| Parking | 1,434,003 | 1,607,615 | 1,580,923 |
| Sponsorships | 1,010,001 | 1,190,027 | 1,058,611 |
| | <u>25,292,046</u> | <u>27,216,809</u> | <u>25,910,870</u> |
| Expenses | | | |
| Operations | 12,458,590 | 12,386,402 | 11,958,542 |
| Attractions and casino | 9,191,859 | 9,161,600 | 9,025,057 |
| Marketing | 2,523,052 | 2,557,480 | 2,572,484 |
| Parking attendants' wages and sundry costs | 300,219 | 294,063 | 257,069 |
| Amortization of equipment | 18,326 | 18,439 | 16,006 |
| | <u>24,492,046</u> | <u>24,417,984</u> | <u>23,829,158</u> |
| Income before the following | 800,000 | 2,798,825 | 2,081,712 |
| Sick leave benefits recovery (expense) | - | 3,909 | (11,375) |
| Net income for the year | <u>800,000</u> | <u>2,802,734</u> | <u>2,070,337</u> |

Board of Governors of Exhibition Place

Schedule 2

Consolidated Schedule of Operations - Exhibition Place

For the year ended December 31, 2012 and December 31, 2011

| | 2012 | | 2011 |
|--|--------------------|--------------------|--------------------|
| | Budget | Actual | Actual |
| | \$ | \$ | \$ |
| Revenue | | | |
| Parking | 6,572,605 | 6,734,923 | 6,680,228 |
| Building rentals and concessions | 3,484,185 | 3,819,202 | 3,910,351 |
| Sales of services | 2,851,871 | 4,386,684 | 4,979,511 |
| Discounts, commissions, incentives, other income and realty tax recoveries | 702,000 | 3,077,484 | 2,309,282 |
| Contribution from the City of Toronto - Exhibition Place - Conference Centre Reserve Fund | 100,000 | 100,000 | 300,000 |
| Naming rights | 520,000 | 520,000 | 520,000 |
| | 14,230,661 | 18,638,293 | 18,699,372 |
| Expenses | | | |
| Maintenance, cleaning and security | 10,626,450 | 9,422,120 | 9,767,425 |
| Utilities | 2,810,567 | 1,870,571 | 2,465,615 |
| Cost of services | 2,500,292 | 3,885,208 | 4,433,694 |
| Administration | 2,308,583 | 3,526,739 | 3,383,480 |
| Parking attendants' wages and sundry costs | 2,394,499 | 2,715,008 | 2,734,586 |
| Amortization of energy retrofit assets and equipment | 535,960 | 630,940 | 523,926 |
| Contribution to City of Toronto - Exhibition Place Conference Centre Reserve Fund | 468,000 | 468,000 | 467,601 |
| City of Toronto Vehicle Reserve | 329,780 | 329,800 | 329,800 |
| Interest | 336,880 | 346,113 | 333,369 |
| | 22,311,011 | 23,194,499 | 24,439,496 |
| Deficit before the following | (8,080,350) | (4,556,206) | (5,740,124) |
| Sick leave benefits expense | - | (397,223) | (268,797) |
| Deficit for the year | (8,080,350) | (4,953,429) | (6,008,921) |

Board of Governors of Exhibition Place

Schedule 3

Consolidated Schedule of Operations - Direct Energy Centre

For the year ended December 31, 2012 and December 31, 2011

| | 2012 | | 2011 |
|--|-------------------|-------------------|-------------------|
| | Budget \$ | Actual \$ | Actual \$ |
| Revenue | | | |
| Building rentals | 7,444,433 | 7,454,623 | 7,339,037 |
| Services | 5,640,516 | 5,775,031 | 5,994,847 |
| Catering commissions | 893,311 | 781,740 | 777,844 |
| Naming rights | 700,000 | 700,000 | 700,000 |
| Advertising, sponsorship, interest and recoveries | 583,119 | 508,377 | 542,639 |
| | <u>15,261,379</u> | <u>15,219,771</u> | <u>15,354,367</u> |
| Expenses | | | |
| Administration | 4,043,166 | 4,228,759 | 4,347,806 |
| Cost of services | 3,014,328 | 3,306,073 | 3,423,317 |
| Maintenance, cleaning and security | 475,259 | 548,443 | 673,886 |
| Contribution to the City of Toronto - Exhibition Place Conference Centre Reserve Fund | 700,000 | 690,000 | 675,000 |
| Amortization of equipment | 1,000 | - | 2,058 |
| | <u>8,233,753</u> | <u>8,773,275</u> | <u>9,122,067</u> |
| Surplus for the year | <u>7,027,626</u> | <u>6,446,496</u> | <u>6,232,300</u> |

Board of Governors of Exhibition Place

Schedule 4

Consolidated Schedule of Operations - National Soccer Stadium (BMO Field)

For the year ended December 31, 2012 and December 31, 2011

| | <u>2012</u> | | <u>2011</u> |
|---|------------------|------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| | \$ | \$ | \$ |
| Revenue | | | |
| Food and beverage | 4,560,571 | 4,305,971 | 4,615,135 |
| Usage fees and merchandise | 1,191,004 | 1,254,397 | 1,202,738 |
| Suite and ticket rebates | 1,629,261 | 1,542,391 | 1,576,218 |
| Sponsorships | 862,373 | 869,451 | 836,994 |
| Cost recoveries and other revenue | 70,000 | 1,656,649 | 2,345,661 |
| | <u>8,313,209</u> | <u>9,628,859</u> | <u>10,576,746</u> |
| Expenses | | | |
| Salaries, wages and benefits | 1,919,264 | 1,747,669 | 1,889,054 |
| Cost of goods sold - food and beverage | 1,496,175 | 1,424,266 | 1,509,366 |
| Royalty | 1,684,991 | 1,590,940 | 1,610,566 |
| Supplies and services | 1,254,950 | 2,669,196 | 3,032,182 |
| Utilities, insurance and other | 799,740 | 812,159 | 799,422 |
| Contribution to the City of Toronto Capital Reserve | 407,200 | 411,556 | 400,000 |
| Incentives and rebates | 238,577 | 387,943 | 568,043 |
| Management fee | 221,977 | 224,376 | 218,052 |
| Amortization of equipment | 40,000 | 18,526 | 53,192 |
| | <u>8,062,874</u> | <u>9,286,631</u> | <u>10,079,877</u> |
| Surplus for the year | <u>250,335</u> | <u>342,228</u> | <u>496,869</u> |

Board of Governors of Exhibition Place

Schedule 5

Consolidated Schedule of Operations - Allstream Centre

For the year ended December 31, 2012 and December 31, 2011

| | 2012 | | 2011 |
|--|------------------|--------------------|--------------------|
| | Budget \$ | Actual \$ | Actual \$ |
| Revenue | | | |
| Building rentals | 945,926 | 1,434,090 | 1,099,570 |
| Services | 1,340,091 | 1,010,972 | 1,045,548 |
| Catering commissions | 710,000 | 665,344 | 769,750 |
| Parking | 110,000 | 175,904 | 158,517 |
| Contribution from the City of Toronto - Exhibition Place Conference Centre Reserve Fund | 2,248,049 | 1,935,853 | 2,208,309 |
| | <u>5,354,066</u> | <u>5,222,163</u> | <u>5,281,694</u> |
| Expenses | | | |
| Amortization of building improvements and equipment | 936,298 | 1,943,832 | 1,943,831 |
| Interest | 1,862,182 | 1,861,322 | 1,903,913 |
| Administration | 1,121,065 | 1,103,823 | 1,043,530 |
| Cost of services | 951,153 | 778,449 | 831,273 |
| Utilities | 333,825 | 232,374 | 263,235 |
| Maintenance, cleaning and security | 149,543 | 309,897 | 345,993 |
| | <u>5,354,066</u> | <u>6,229,697</u> | <u>6,331,775</u> |
| Deficit for the year | <u>-</u> | <u>(1,007,534)</u> | <u>(1,050,081)</u> |

Appendix B: Summary of unadjusted and adjusted items

SUMMARY OF UNADJUSTED ITEMS

| | | BALANCE SHEET - Debit (Credit) | | | DEFICIT | |
|--|---|--------------------------------|----------------------|-----------------------|---------------------|----------------------|
| SUM # | Description | Financial Assets | Non-financial Assets | Financial Liabilities | Accumulated Deficit | Deficit |
| 1 | To reverse deferred revenue on cancelled events DR. Deferred revenue CR. Event Rental Sales CR. Accounts Receivable - Trade | (140,901) | | 179,230 | | (38,329) |
| 2 | Elimination of interco revenue markup charged by BOG to BMOF DR. Sales CR. Expenses | | | | | 129,676 (129,676) |
| 3 | Interdivisional revenue elimination (CNEA) Exhibit rent transferred from sponsorship DR. Exhibit Rental Revenue CR. Sponsorship / Marketing expense | | | | | 87,140 (87,140) |
| Total current year unadjusted items | | (140,901) | | 179,230 | - | (38,329) |

SUMMARY OF ADJUSTED ITEMS

| | | BALANCE SHEET - Debit (Credit) | | | DEFICIT | |
|-------|---|--------------------------------|----------------------|-----------------------|---------------------|-----------|
| SAM # | Description | Financial Assets | Non-financial Assets | Financial Liabilities | Accumulated Deficit | Deficit |
| 1 | Reclass elimination of sick benefits cost (recovery) (CNEA) | | | | | |
| | DR. Sick benefits cost (recovery) | | | | | 130,048 |
| | DR. Operations expense | | | | | 6,643 |
| | CR. Attraction and casino expense | | | | | (136,691) |
| | Total current year adjusted items | - | | - | - | - |