

4 10

<b>TO:</b>	<b>CHAIR AND MEMBERS BOARD OF CONTROL</b>
<b>FROM:</b>	<b>V. A. COTÉ ACTING GENERAL MANAGER OF FINANCE &amp; CORPORATE SERVICES</b>
<b>SUBJECT:</b>	<b>MEETING ON FEBRUARY 11, 2004 JOHN LABATT CENTRE – 6 MONTH PERFORMANCE UPDATE</b>

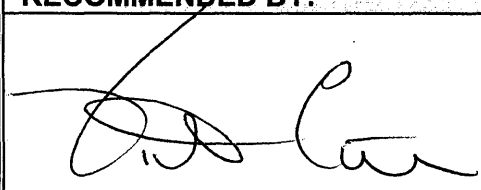
**RECOMMENDATION**

That, on the recommendation of the Acting General Manager of Finance and Corporate Services, the attached financial summary report for the John Labatt Centre for the period July 1, 2003 to December 31, 2004 be received for information.

**BACKGROUND**

The attached report is an unaudited financial summary of the John Labatt Centre (JLC) from July 1, 2003 to December 31, 2004. The report also contains forward looking statements, which anticipate meeting the JLC budgeted revenue and expenses for all of 2004.

**RECOMMENDED BY:**



**V. A. COTÉ  
ACTING GENERAL MANAGER OF FINANCE AND  
CORPORATE SERVICES**

Att.

February 3, 2004  
/bs

4

11

# *John Labatt*

CENTRE

Date: January 21, 2004

To: LCC, LP – Partners Meeting

Re: Mid year update

#### Financial Results:

**Net Income** – Bottom line shows that we are running ahead of budget by 40% (\$68,000). That will be offset a bit by the second half of the year; we are projecting to end up about 40% over budget (\$125,000).

**Direct Event Income** – We are slightly ahead of budget (2.6% - \$28,700). We anticipate this trend to continue in the 2<sup>nd</sup> half of the year (11% or \$233,000). This will be accomplished by increased bookings and increases to Income from Knights games.

The Knights games are running ahead of budget and that will continue; we have our service income under control with these games. Team is doing very well, would anticipate going further into the play-offs this year.

On the concert side, during the first six months we are behind in net income; a number of our shows didn't hit our attendance projections and we are down one Half-house Concert from budget. The upside is that we will compensate for that in the second half of the year; Full and Theatre Concerts will finish strong (five more than budget). Half-House Concerts will finish off (two below budget). In terms of Income from concerts we should hit budget, or be off slightly.

Our Broadway Series is going very strong and we will end up three shows ahead of budget, this will translate to about \$36,000 in additional Net Income. Having four Lord of the Dance dates and two David Copperfield shows obviously helped this segment of events.

We did lose a second WWE date for this year, but we more than made up for it with the Canada-Russia series game.

4

12

**Other Income** – Other Income is also running ahead of budget (5.8% - \$54,900). We expect this line to drop a bit, but still finish better than budget for the year (2.4% or \$50,000).

All areas are close to budgeted revenues; interest and non-event catering are the exceptions. In discussions with Royal Bank, they will adjust our interest rate retro-active to July 1. Clubs and Suites are up for the year; however, we do expect associated premium seating costs to increase the further we go into the playoffs (suite related expenses).

**Indirect Expenses** – We are currently performing better than budget on this line (1% - \$16,500), but we expect to exceed our budgeted costs for the year (5% or \$159,000). This is a combination of higher utilities, Johnson Controls adjustments and a lot of snow removal.

All departmental budgets except Operations and Overhead, are currently doing better than budget. We've had some problems with our ice, which impacted utility costs, contracted services and wages. The issues have been resolved but require constant monitoring and attention.

Utilities continue to be a large concern, though we were able to come in close to budget for the month of December. We have moved back the hiring of an energy consultant, due to dealing with the ice problems. Also, are attempting to achieve better rates.

### **Booking highlights:**

**Concerts** – With currently booked shows, we will finish the season up three concerts over Budget. We anticipate another one or two shows before the year is over. Getting shows like Rod Stewart, Josh Groban, Bryan Adams and Shania will help offset a softer first half.

We are currently looking at six more good acts for the spring; my hope is that three or four of them become reality. However, our projections only include one of these shows.

**Broadway** – We will finish three shows higher than budget for the year; we were hoping to add a second Cats date, but we just got word that it will not happen. Currently working on next season; 42<sup>nd</sup> Street, Miss Saigon are looking promising. Our Series is 68% sold through subscriptions.

4

13

# *John Labatt*

CENTRE

**Ice Skating** – With just the Bourne & Kraatz show, we've almost made budgeted numbers for the year. Stars on Ice is selling very well and should replicate last year's numbers.

**Miscellaneous Sports** – We did very well with the Canada-Russian Series Game, but anticipate a lower profit on the CHL Top Prospects game. Overall, we'll exceed budgeted income attributable to these events.

**Labatt Events** – Labatt gets four "rent-free" dates each year, fortunately they used two of them for a one-day outdoor concert. They utilized our catering space and dressing rooms and created revenue through services and catering. We will easily exceed budgeted income figures in this category.

**Jousting** – First time event that didn't quite make budgeted figures (off \$1,675). Good exposure for the facility and quite a spectacle; will be doing the event again in July.

**Flyers Game** – A great event that made the Hockey World take notice. This will pay dividends down the road. This event exceeded our budgeted figures; sponsorship dollars were up considerably and a sellout always helps.

4

14

**JOHN LABATT CENTRE**

FY 2004

Comparison: Budget v. Actual

Pro Forma Format

December 31, 2003

	Budget	Actual/Projections	Variance Fav/(Unfav)	
<b>REVENUE TO FACILITY</b>				
1 Gate	1,991,944	2,403,207	411,263	
2 Food Service	2,571,774	2,620,390	48,616	
3 Novelty & Interactive	112,525	84,256	(28,269)	
4 Seating & Advertising	3,042,864	3,125,323	82,459	
5 Ice Rentals	18,715	19,723	1,008	
6 Retail	0	0	0	
7 Ice Activities (Leagues, camps, training)	0	0	0	
8 Facility Rent (Fitness Centre/Talbot St.)	0	0	0	
9 Miscellaneous (Interest, etc)	201,405	200,119	(1,286)	
<b>10 TOTAL GROSS REVENUES</b>	<b>7,939,227</b>	<b>8,453,019</b>	<b>513,792</b>	
<b>CONTRIBUTION MARGIN</b>				
11 Gate	1,131,833	1,365,515	233,682	
12 Food Service	565,705	576,399	10,694	
13 Novelty & Interactive	112,525	84,256	(28,269)	
14 Seating & Advertising	1,852,605	1,902,809	50,204	
15 Ice Rentals	18,715	19,723	1,008	
16 Retail	0	0	0	
17 Ice Activities (Leagues, camps, training)	0	0	0	
18 Facility Rent (Fitness Centre/Talbot St.)	0	0	0	
19 Miscellaneous (Interest, etc)	201,405	200,119	(1,286)	
<b>20 TOTAL CONTRIBUTION MARGINS</b>	<b>3,882,788</b>	<b>4,148,821</b>	<b>266,033</b>	
<b>CM RATIO</b>	<b>48.9%</b>	<b>49.1%</b>		
<b>EXPENSES</b>				
21 Facility Expenses	2,825,636	2,958,904		
22 Management Fees	328,640	354,330		
23 Debt Principal Repayments	194,532	194,532		
24 Interest Expense	387,781	387,781		
25 Capital Reserve	0	0		
26 Capital Taxes	0	0		
27 Federal Large Corporation Tax	0	0		
28 Income Tax Expense	0	0		
<b>29 TOTAL EXPENSES</b>	<b>3,736,589</b>	<b>3,895,547</b>	<b>(158,958)</b>	
<b>30 NET CASH FLOW</b>	<b>146,199</b>	<b>253,274</b>	<b>107,075</b>	
31 Event Ticket Surcharge	228,557	245,822	17,265	
<b>32 DISTRIBUTABLE INCOME</b>	<b>374,756</b>	<b>499,096</b>	<b>124,340</b>	
<b>ALLOCATION OF FUNDS</b>				
33	City of London	74,951	99,819	24,868
34	LCC	299,805	399,277	99,472