Statement of Financial Position

Winnipeg Enterprises Corporation

May 31, 2003

Winnipeg Enterprises Corporation
Incorporated under the laws of Manitoba

STATEMENT OF FINANCIAL POSITION

As at May 31

	2003 $	2002 $
ASSETS		
Current		
Cash	**354,434**	115,964
Short-term investments	**—**	100,000
Accounts receivable	**1,436,859**	884,048
Prepaid expenses	**200,561**	187,266
Total current assets	**1,991,854**	1,287,278
Long-term investments *[note 3]*	**1,087,318**	1,112,542
Capital assets *[notes 4 and 5]*	**13,952,444**	14,695,209
	17,031,616	17,095,029
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	**1,157,850**	738,062
Advance tickets	**1,006,269**	997,665
Bank debt *[note 5]*	**6,258,787**	6,824,429
Unearned revenue	**168,629**	113,624
	8,591,535	8,673,780
Commitments and contingencies *[notes 1 and 6]*		
Net assets		
Net assets invested in property and equipment	**8,867,659**	9,128,931
Unrestricted net assets	**(427,578)**	(707,682)
	8,440,081	8,421,249
	17,031,616	17,095,029

See accompanying notes

On behalf of the Board:

Director Director

Winnipeg Enterprises Corporation

NOTES TO STATEMENT OF FINANCIAL POSITION

May 31, 2003

1. ENTITY DEFINITION, ECONOMIC DEPENDENCE AND GOING CONCERN CONSIDERATIONS

Entity definition

Winnipeg Enterprises Corporation [the "Corporation"] is a not-for-profit organization established by the Winnipeg Enterprises Corporation Incorporation Act on July 26, 1952 under the laws of the Province of Manitoba. The Corporation's purpose is to carry on self-sustaining activities primarily related to sport and entertainment for the purpose of civic improvement, pleasure, or recreation for the community of Winnipeg. The Corporation owns and operates the Winnipeg Arena and Canad Inns Stadium facilities, and conducts and promotes sporting and entertainment events, and other supportive business ventures.

Economic dependence

The Corporation's primary sources of revenue are generated from ongoing lease agreements and related services, transacted with the Winnipeg Football Club [the "WFC"] and the Manitoba Moose Limited Partnership [the "Moose"].

In addition, the terms of the Corporation's bank debt *[note 5]* are contingent upon the security by way of a limited guarantee from the City of Winnipeg.

Going concern considerations

During 2001, a third party group of investors, known as the True North Project, announced its intentions to construct and operate a new sports arena in the City of Winnipeg. As at August 27, 2003, the True North Project is in the process of the construction of a new sports arena. As a result, the potential impact of the True North Project on the operations of the Corporation is not currently determinable.

This statement of financial position has been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes the Corporation will realize its assets and discharge its liabilities in the normal course of operations. The Corporation's ability to continue as a going concern is dependent on the outcome of the True North Project, the continued support of the City of Winnipeg for funding of the Corporation's ongoing operations and debt obligations, and the Corporation's ability to continue generating income from the ongoing lease arrangements and related services with the WFC, the Moose and other third party users.

The outcome of these matters cannot be predicted at this time. This financial statement does not give effect to any adjustments to the classifications and carrying values of assets and liabilities that might be necessary should the Corporation be unable to continue its operations as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Short-term investments

Short-term investments are valued at the lower of cost or market. As at May 31, 2002, short-term investments consisted of one-month guaranteed investment certificates and, as such, fair market value approximated cost.

Long-term investments

Long-term investments consist of income debentures and are recorded at the lower of cost less principal repayments received or receivable and net realizable value.

Capital assets

Capital assets are recorded at cost less accumulated depreciation and external funding received that has been specified for costs of acquisition. Depreciation of property and equipment is provided for by the straight-line method at the following annual rates:

Building and improvements	2.5%	per year
Equipment and small tools	10.0%	per year
Computer hardware	20.0%	per year

Advance tickets

Advance tickets represent funds held on behalf of third party users of the Select-A-Seat ticket agency service.

Unearned revenue

Unearned revenue is amortized over the terms of the various related contracts.

Winnipeg Enterprises Corporation

NOTES TO STATEMENT OF FINANCIAL POSITION

May 31, 2003

Financial instruments

Financial instruments include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, advance tickets, bank debt and an interest rate swap on a portion of the bank debt. Unless otherwise stated, the book value of the Corporation's financial assets and liabilities approximates their fair value. It is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments except as noted below.

The Corporation uses interest rate swap contracts to manage interest rate risk on certain floating rate bank debt. Payments and receipts under the interest rate swap contracts are recognized as adjustments to interest expense on a basis which matches the related fluctuations in the interest payments under floating rate bank debt.

Use of estimates

The preparation of this statement of financial position in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the statement of financial position. Actual results could differ from these estimates.

3. LONG-TERM INVESTMENTS

Long-term investments consist of 1,200 WFC Series A Income Debentures issued July 15, 1996 for a unit price of $1,000. Each debenture is entitled to a pro-rata share of 25% of the net cash profit of the WFC and a 16 2/3% principal repayment of the net cash profit, if any, in any given fiscal year. The debentures are secured by a general security agreement, which is subordinate to the WFC existing bank debt.

The December 2001 and 2002 audited financial statements of the WFC present net profits, a portion of which would be allocated to the Corporation in its fiscal 2002 and 2003 year ends based on the formula above. However, the Corporation agreed to waive the interest component in each year and defer the principal repayments to December 31, 2003. The Corporation's share of the principal repayments calculated under the terms of the debenture for 2002 and 2003 are presented as a reduction in long-term investments and have been included in accounts receivable.

NOTES TO STATEMENT OF FINANCIAL POSITION

May 31, 2003

4. CAPITAL ASSETS

	2003			2002
	Cost $	Accumulated depreciation $	Net book value $	Net book value $
Building and improvements				
Canad Inns Stadium	**10,653,629**	**3,616,603**	**7,037,026**	7,297,788
Winnipeg Arena	**10,177,414**	**4,426,988**	**5,750,426**	6,002,456
Blue and Gold Room	**146,615**	**33,311**	**113,304**	116,969
	20,977,658	**8,076,902**	**12,900,756**	13,417,213
Equipment and small tools	**2,249,533**	**1,304,901**	**944,632**	1,125,591
Computer hardware	**1,142,512**	**1,035,456**	**107,056**	152,405
	24,369,703	**10,417,259**	**13,952,444**	14,695,209

During the year, the Corporation entered into a funding agreement to receive government assistance totalling $2,600,000 towards the Canad Inns Stadium Artificial Turf Replacement Project. The Corporation received $150,205 of government assistance during the year. As at May 31, 2003, $135,642 of costs had been incurred towards the purchase of these capital assets. The assistance received was credited directly to the cost of the asset and the remaining unapplied balance as at May 31, 2003 has been used subsequent to year end.

5. BANK DEBT

	2003 $	2002 $
Demand loan [credit facility B]; bearing interest at 7.21% per annum until May 31, 2004, after which, bears interest at prime; repayable in blended monthly instalments of $31,634	**2,420,594**	2,617,753
Demand loan [credit facility C]; bearing variable interest at Canadian Bankers' acceptance rates until May 31, 2014, after which, bears interest at prime; repayable in quarterly instalments of $70,833 plus interest	**3,116,667**	3,400,000
Demand loan [credit facility D]; bearing interest at 7.24 % per annum until October 21, 2009, after which, bears interest at prime plus 0.25%; repayable in blended monthly instalments of $11,735; secured by a specific fixed charge on certain equipment	**721,526**	806,676
	6,258,787	6,824,429

The Corporation has an additional credit facility agreement [credit facility A] with the Canadian Imperial Bank of Commerce [the "Bank"] to borrow by means of an operating line to a maximum of $1,500,000. The operating line is due on demand, bears interest at prime and is secured by an assignment of fire insurance. As at May 31, 2003, the balance of the operating line was nil.

Credit facilities B and C are secured by a limited guarantee from the City of Winnipeg of $7,650,000 and assignment of fire insurance.

At May 30, 2003, interest rates on $3,116,667 of bank debt under credit facility C were fixed by means of an interest rate swap to August 29, 2003 at an average rate of 3.315%, inclusive of a stamping fee.

Unless demanded under the terms of the agreements above, scheduled principal repayments on bank debt over the next five years are estimated to be as follows:

	$
2004	586,917
2005	609,572
2006	633,919
2007	660,082
2008	688,197
Thereafter	3,080,100
	6,258,787

6. COMMITMENTS

[a] Land lease

The corporation has entered into three separate land lease agreements with the City of Winnipeg for the stadium and arena expiring December 31, 2017. Lease payments under the terms of the separate agreements are $1 per annum.

[b] Winnipeg Football Club

Under a grant agreement signed April 18, 2000, the Corporation has committed to provide up to $1,266,668 to the WFC by means of a staged grant, contingent upon the WFC meeting certain benchmark requirements based on external funding generated. In addition to amounts previously granted in 2000 and 2002 of $500,000 by means of debt and interest forgiveness and a cash distribution of $466,667 respectively; in fiscal 2003, the WFC met requirements under the terms of the agreement for grants totalling $300,001. As at May 31, 2003, all amounts had been distributed in full, completing the Corporation's obligations under the terms of the grant agreement.

[c] Operating leases

The Corporation has entered into various operating leases. The future minimum lease payments under these operating leases over the remaining terms are as follows:

	$
2004	117,677
2005	6,602
	124,279

Certain of the operating leases are subject to renewal over the next five years under the terms of the various related contracts.

[d] Food/banquet services agreement

In 1996, the Corporation entered into a food/banquet services agreement ending September 30, 2002, with an option to renew for an additional six years. The agreement requires the Corporation to pay certain fees subject to certain terms and conditions. Under the terms of the agreement, the service provider has provided the Corporation with the use of certain equipment totalling $750,000. If the Corporation does not renew its commitment under the terms of the extension option or terminates the agreement at any time, the Corporation is required to purchase the equipment at the remaining undepreciated balance of the $750,000 amortized over 10 years using the straight-line method.

During the year, the Corporation terminated its food/banquet services agreement. Subsequent to year end, in accordance with the terms of the agreement, the Corporation purchased equipment at the undepreciated cost of $252,000 plus applicable sales tax.

Further, the Corporation entered into a food services agreement subsequent to year end with a new concessionaire to provide food and beverage concessions and catering services. The agreement terminates on the earlier of the date of the first public event held at the True North Entertainment Centre, or when the existing Winnipeg Arena ceases to operate; and for Canad Inns Stadium on December 31, 2004. The agreement requires the Corporation to pay certain fees subject to certain terms and conditions.

7. COMPARATIVE FIGURES

Certain of the 2002 comparative figures have been reclassified to conform with the current year's presentation.

NOTES TO STATEMENT OF FINANCIAL POSITION

May 31, 2003

Winnipeg Enterprises Corporation

MANAGEMENT'S STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

Year ended May 31

	2003 $	2002 $
	[not audited or reviewed]	*[not audited or reviewed]*
Revenue	**6,776,666**	5,313,174
Expenses		
Maintenance and operating	**2,991,162**	2,637,695
Tenant payments	**1,570,638**	1,524,652
General and administrative	**953,038**	912,141
Depreciation	**810,203**	840,747
Interest on long-term debt	**432,793**	468,447
	6,757,834	6,383,682
Net surplus (deficit) before internal restriction	**18,832**	(1,070,508)
Internal restriction	**--**	450,000
Net surplus (deficit) for the year	**18,832**	(620,508)
Unrestricted net assets, beginning of year	**(707,682)**	(228,528)
Investment in property and equipment	**261,272**	141,354
Unrestricted net assets, end of year	**(427,578)**	(707,682)