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Amuzu Parks Inc. (API)

Situational Assessment & Strategic Option Evaluation

Prepared for: Board of Directors and Management of Amuzu Parks Inc. (API)

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Executive Summary

The following report examines four strategic proposals for API from both a quantitative and qualitative basis through consideration of API's key objectives and goals. Additional issues have also been addressed.

The proposals have been reviewed and recommendations provided. Recommendations are based on alignment with key objectives, vision, mission, and core values, and strategic fit. The following four proposals are evaluated using this process.

The first proposal of starting a travelling carnival in Eastern Canada, Great Eastern Amusement (GEA), does not align with API's vision, mission, or core values. The key objectives of increasing revenues to pre-pandemic levels, increasing in-park per capita spending by 10% and increasing operating margin to 17% are not met. This option does align with the qualitative goal to expand to other provinces. This option does not require significant financing and allows for the repayment of the R&W bank loan without compromising cash flows if the London's bank loan is refinanced. With or without loan refinancing, the debt to EBITDA ratio remains below 2.5 as required by the refinancing covenant. Based on these factors, it is recommended starting GEA not be pursued.

The second proposal, Canadian High Arctic Immersion, aligns with API's vision, but not the mission or core values. The key objectives of increasing revenues and in-park per capita spending are met but increased operating margins is not met. Provincial expansion is met with the Winnipeg location. This option requires the largest capital outlay and would breach the required debt to EBITDA covenant by refinancing London's bank loan. To remain in compliance with covenants, this option would need to be internally financed, significantly straining cash flows. The R&W bank loan could not be repaid in 2024. Based on this analysis, it is recommended Canadian High Arctic Immersion not be pursued.

The third proposal of investing in an indoor theme park in Georgian International Hotels Inc., aligns with API'S vision, but not with the mission or values. This option meets the key objectives of increasing revenues and in-park per capita spending but not increased operating margins. Additionally, as this would be located in Calgary, there is no provincial expansion. This option could be funded internally or by refinancing London's Bank loan without breaching required covenants. Loan refinancing allows the R&W loan to be repaid. However, this option bears significant liability for and lacks control over possible in-park accidents. Based on the analysis performed, it is recommended the indoor theme park not be pursued.

The fourth option, a joint venture with Willow Lakes Amusement Park Inc. (WLAP), does not align with the current vision and mission but does align with core values. The key objective to increase revenues and in-park per capita spending are not met, but the goal to increase operating margins is met. This option is for the Aqua Bleu location so does not meet the provincial expansion goal. Although financing is not required, there is an option to sell shares to WLAP. Both selling shares or refinancing the London's Bank loan allows repayment of the R&W loan without breaching covenants. This option best aligns with the API's values and provides integration of WLAP knowledge and buying power into other parks. Based on the analysis, it is recommended to proceed with the joint venture with WLAP.

Other items that have been anlayzed include, but are not limited to:

- Review of API's vision, mission, and values
- If API's core values are met,
- Key success factors and stakeholder preferences,
- Outsourcing pizza,
- Internal processes including ethics and payroll, and
- Tax reporting error and impact.

Supporting appendices and exhibits containing detailed quantitative and qualitative analyses are utilised in the assessment of the above options and are attached at the end of this report.

In conclusion, this report recommends pursuing the joint venture with WLAP without the sale of shares. Refinancing London's Bank loan to repay the R&W loan and outsourcing pizza are also recommended.

Introduction

This report starts by providing an assessment of API's current situation, including mission, vision, strategy, and current performance. It then analyzes the four strategic options available to API. The options are:

1. Invest in Start-Up Travelling Carnival (GEA)
2. Canadian High Arctic Immersion Experience
3. Indoor Amusement Park (GIH)
4. Joint Arrangement with Willow Lakes Amusement Park Inc. (WLAP)

Each option will be analyzed for its alignment with the mission, vision, core values, and key objectives of API, and will explore the pros and cons as well. Then, an overall recommendation will be provided along with how to implement it, its financial impact on API, and the financing required.

Operational issues of API will then be addressed with recommendations provided.

Situational Analysis

Vision

The purpose of a vision statement is to provide an organization's idealist future and inspirational direction. API's vision statement provides inspirational direction by striving to leave visitors with lasting memories but does not define what this means. Additionally, a goal for employees to work toward is not explicitly stated.

Mission

A mission statement should state how an organization intends to achieve its vision, aligning with strategic objectives, purpose, and principles. API's mission statement expresses the purpose of parks designed for safe fun and entertaining for all ages. Additionally, it touches on the strategic objective to have rides that are the best in the region. However, having only classic rides does not align with "best," with adapting consumer preferences, including technology. As such, API's current business model seems to contradict the mission.

Core Values

- Ensure rides/attractions are maintained to the highest safety standards and operators are trained on and comply with manufacturers' restrictions.
    - **Partially met**: All employees have safety training and additional technical where required. In the off-season, rides are extensively tested. Unfortunately, some employees have violated safety protocols by improperly allowing visitors on rides.

- Ensure parks are safe and clean at all times.
  - **Met**: API has a very high safety record. Inspections are conducted daily to manufacturer's specifications.
- Exceed visitor expectations by having employees that are courteous, honest, and dedicated to giving guests a great experience.
  - **Partially met**: Unsolicited visitor reviews scored customer service as very high. Unfortunately, some employees have been dishonest in accepting bribes.

Key Success Factors

Key Success Factor for industry	**API's Current Performance**
Differentiation from competitors	**Partially Met:** API's name is not well known, but each park is individually recognised. API markets itself as "Canadian owned & operated" to differentiate itself from US based competitors.
High level of maintenance/cleanliness/safety	**Met:** API's reputation is safe and clean parks with friendly staff. Accident rates are low, giving it one of the best safety records in the industry.
Unique & high-quality rides	**Met:** Managers propose new rides and attractions each year based on local preferences and manufacturer's catalogues. API's focus is to invest in unique and high-quality rides for its target market.
Sufficient revenues to cover upfront costs	**Not Met:** Since 2022, revenues increased but not back to the pre-pandemic levels. The current profit levels do not generate sufficient operating cash flows to internally finance the capital additions and repay debts.

Key Stakeholder Preferences

- Jacob Mason:
  - Being on top of financial results and making operational changes promptly
  - Moving forward and embracing technological changes and that past success factors are no longer acceptable

- Terri Kellerman:
    - Family-oriented and markets the parks to parents with young children (outdoor fun and away from technology)
    - Markets the parks by stressing family bonding (memories made together) in a tech free zone in advertising campaigns and national branding
- Natalie Hopkins:
    - Prioritises the role of employees in the success of API as they are the face of the company and that nostalgic rides and layout is attractive to families in having fun together
    - Believes “Not everything has to change because of new inventions and different forms of entertainment.”
- Kenneth MacLean:
    - Unique and differentiating attractions and immersive entertainment using virtual reality
    - The parks should be marketed as providing Canadian experiences rather than as Canadian owned to draw international visitors

The four shareholders make up the Board of Directors each having one vote. All members of the Board and the CFO comprise the Senior Management team. There are no board committees and no strategic issues discussed in the board meetings. Best practices in governance include having an independent board of directors who are not involved with daily operations, which can contribute to the company’s effective oversight and decision-making.

Current Strategy

API’s current strategy is to ensure revenues & profits continue to increase since growth has been slowing after the pandemic. It wants to generate sufficient operating cash flows to have access to additional capital for continuously investing in new and unique attractions to draw more visitors and increase revenues as well as repay its debt and increase the in-park per capita spending resulting in increased total revenues.

This increase would help API to invest in new rides/attractions and experiences that will grow its market segment thus, promoting stability in its market share which has declined after the pandemic. It would also help API to make necessary upgrades and repairs/maintenance to its parks for providing ride safety and a safe park environment.

However, given the cash constraint as a result of insufficient operating cash flows, API would need to consider the admission prices and cautious capital spending to determine the success of the above strategy.

API treats their employees fairly and pays premium wages. As a result, they have loyal and highly experienced staff members. API also has a sophisticated inventory management system and efficient equipment but could further invest in data analytics to enhance the visitor experience and assist with other operational and investment decisions.

Key Constraints

Qualitative factors:
- Seasonal operations from May to October
- Limited international recognition

Quantitative constraints:
- Access to capital
- Ratio of interest-bearing debt to EBITDA must be <3.0

Key Objectives

By 2027, the company's key objectives are the following:
- Achieve annual revenues equal to or higher than pre-pandemic ($95 million)
- Expand company's presence to all provinces in Canada
- Increase average in-park per capita spending by 10%
- Increase operating margin to 17%

By 2024:
- Repay R&W Bank loan in full

Financial Analysis and Assessment
- Exhibit I - Financial Ratio Analysis

Liquidity

API's current ratio decreased from 2021 to 2022, then steadied from 2022 to 2023 at around 0.6. This is well below the industry average of 1.1 which could indicate liquidity issues with API. Therefore, API may have issues paying off short-term obligations, such as accounts payable and current portions of debt.

Solvency

API's interest-bearing debt to EBITDA ratio has been decreasing over the past three years (see Exhibit I). This is due to debt being repaid as well as increases in EBITDA over time. As the ratio is higher than industry average, API appears to have a higher risk of defaulting on interest payments. This ratio also needs to be carefully monitored as it is a covenant for the R&W loan.

Profitability

Both operating profit margin and net profit margins have been increasing over the past three years but are below industry standards of 17% and 9%. This indicates that API is less efficient in operations compared to competitors, potentially relating to relative size and inability to realize economies of scale to the same extent. A key objective for API is to increase operating profit margin to 17% by 2027 to be in-line with industry average. Efficiencies in certain expenses may need to be considered to achieve this.

Asset Management

API's days in inventory has increased from 41 days in 2022 to 45 days in 2023, indicating the slowing of inventory turnover. The decrease may need to be monitored to ensure as some inventory is perishable items and need to follow food regulations. However, it is in line with the industry benchmark and therefore does not indicate concern overall.

Park Measures

As seen in Exhibit I, the percentage of EBITDA that each park contributes is calculated and shows that Magical Land contributes the most to API's overall EBITDA. This indicates that Magical Land is API's most profitable park. When comparing the utilization of each park (ie. the percentage of its capacity used annually), Splash N Fun is operating at the highest capacity, indicating the best use of assets compared to other parks in the portfolio.

Financing

Aside from API's current financing, the two additional options for financing are as follows:

- Refinancing with London's Bank: An additional $9 million added to the loan, with interest of 9% payable monthly and an annual principal repayment of $6.5 million. Secured by all assets, with a covenant of interest-bearing debt to EBITDA <2.5.
- Issuance of Common Shares to WLAP: 18,000 common shares for $10 million, which is only available if the joint arrangement with WLAP is accepted.

Internal & External Analysis

See Appendix I and II

Proposal #1: Invest in Start-Up Travelling Carnival (GEA)

Quantitative Analysis

Impact on Financial Results

Per Exhibit 2.1 GEA has a net loss for 2025 and net income for 2026 onward contributing positively to API's overall income. Net income peaks in 2028 at $1,597,614 and drops to $1,195,887 suggesting the upward trend is not sustainable. Additionally, GEA's NPV is $1,034,561 suggesting it could be a good option.

Key Objectives
Refer to Exhibit 2.2

Achieve annual revenues equal to or higher than pre-pandemic ($95 million)	**Not Met**
Increase average in-park per capita spending by 10%	**Not Met**
Increase operating margin to 17%	**Not Met**

Assumption Uncertainty
- Revenue based on projections. No entrance fee so revenue is only from tickets and bracelets and is significantly impacted by lower sales
- GEA will be fully booked during operating season with no idle time causing lost revenues
- Vehicle and operating costs remain constant all years
- There is no discussion on licencing and permits or possible costs or complications
- Costs and revenues associated with games are not considered

Qualitative Analysis

Key Objective
Non-financial objective to expand company's presence to all provinces - **Partially Met** as expanding to Maritimes

Strategic Alignment

Mission	Not aligned	Not a theme park, smaller simpler rides likely not "best in the region"
Vision	Partially aligned	"Canadian-owned" and may provide lasting memories but not a theme park
Values	Not aligned	Not investing or upgrading rides as leasing classic rides Moving locations - cannot guarantee safety or cleanliness

Pros

- Expanding to the Maritimes may increase name recognition and aligns with API's goal to expand to all provinces.
- Meets Terri and Natalie's preference of keeping nostalgic rides and tech free space
- Variety of rides may attract both API's target groups, families with young children and people aged 16-to-35 years
- Introducing games will provide insight to how games can be integrated into other parks

Cons

- No entrance fee means no guaranteed income per visitor as some people may not go on rides
- Frequent set up causes additional safety risks and may negatively impact API's safety reputation
- Reliance on bookings to operate. If bookings cannot be established, there is no revenue potential during idle time
- There is no incorporation of technology which both Jacob and Kenneth would prefer

Overall Situational Assessment

Overall upfront costs are less than $2 million making this an attractive option for API. The type of rides align well with the shareholder desire for classic entertainment ride variety aligns with both target markets. However, without an established presence in the Maritimes, there is a risk bookings may fall short of expectations, negatively impacting revenues. Additionally, API has no experience with travelling carnivals and this option veers away from the core business model.

Financing Requirements

Start up costs for GEA include capital asset purchases and the first payment for the equipment and semi-truck leases for a total of $1,643,800.

Option 1: Internal financing using cash on hand given the relatively low investment

- Pro: No need to refinance the London's Bank loan.
- Con: No early repayment of the R&W loan or reduce concerns of available cash for upgrades to current parks.

Option 2: Refinancing the London's bank loan for $65 million

- Pro: Extra funds for R&W repayment or additional investment in parks
- Con: Higher interest rate than current loan, additional covenant of max interest bearing debt to EBITDA of 2.5

Per Exhibit 2.3, both financing options meet the required covenants. Given the desire to repay the R&W loan early and cash flow concerns for reinvesting in parks, London's Bank loan refinancing is suggested.

Financial Reporting Implications

- Per ASPE 3035, leases are classified as capital or operating leases. Based Exhibit 2.1 note 2, both leases are operating leases and are expensed through operations.

Tax Implications

- 2025 net loss will offset income from other parks.
- Capital purchases use a CCA rate of 20% and qualify for 100% accelerated investment incentive in 2025 overall reducing taxes payable.

Proposal #2: Canadian High Arctic Immersion Experience

Quantitative Analysis

Impact on Financial Results

The net present value per exhibit 2.1 is $3,257,291 showing that it is a viable investment from a quantitative perspective. It requires an investment of $9 million from API and $3 million would be contributed by AOC. Hence, it appears to be an attractive investment. However, there are minimal cash flows in the first year and positive thereafter in the upcoming years as a result of which there would be concerns over API repaying the R&W loan in 2026 and API would likely need external financing in the first year.

Financial Key Objectives

Refer to Exhibit 3.2

Achieve annual revenues equal to or higher than pre-pandemic ($95 million)	**Met**
Increase average in-park per capita spending by 10%	**Met**
Increase operating margin to 17%	**Not Met**

Assumption Uncertainty

1. Financing costs not considered.
2. Assumes tax rate remains at 27%.
3. Assumed API will sublet a portion of leased space to the restaurant each year.
4. Admission and number of visitors are estimated by research. Restaurant variable income from gross spending is also estimated by the number of visitors.

Qualitative Analysis

Key Objective

Objective of expanding to all provinces is **Partially Met** as API expands to Manitoba.

Strategic Alignment

Mission	Partially aligned	Theme park with the immersive experiences/new technology rides but does not provide entertainment for all ages as it focuses on young adults and tourists travelling without children.
Vision	Aligned	Strives to provide lasting memories and is Canadian owned.
Values	Not aligned	Investment in rides/attractions does not appeal to the existing target market but a new segment. Can't ensure safety standards for rides due to lack of knowledge or experience in maintaining 4D rides.

Pros

- Will attract a new segment of visitors as it is inclusiveness for people with special needs through the virtual experience This is important as API needs to attract new markets to sustain revenue growth.
- The company will remain a Canadian company while attracting international tourist with Canadian experiences.
- Indoor operations mean year-round revenues, offsetting the other parks' off season
- Minimise the ecological footprint of tourists travelling to the Arctic can attract environmentally conscious visitors.

Cons

- There is significant risk as this is an expensive proposal and outside the expertise of API and current business model including expertise in ride maintenance.
- AOC has much control from the leased premises and additional promotions whenever they deem fit. This could jeopardise the control of API's and may not align with the mission and vision.
- Current relationships with suppliers may be strained as all clothing sold in the parks, and employee uniforms must be purchased from AOC
- There is added time and complications in involving consultants, planning experts, and storyboarding to ensure hiring qualified personnel. This could severely impact API's bottom line and may breach covenants if extra funding is required.

Research on emerging technologies related to virtual reality (VR)

- Covid 19 pandemic dramatically accelerated the convergence of technology and travel giving way for VR to provide users with a way to virtually travel the globe. It proved that a creative application of augmented reality was enough to spur users to explore the real-world.[1]
- Extended reality technologies include virtual reality, augmented reality, and mixed reality.
    - Augmented reality is an augmented view of the real world. It prefers to keep visitors in a theme world and not a virtual world, which is well suited to theme parks.
    - Immersive technology aims to overlay a digital layer of experience atop everyday reality. The onset of VR involves both virtual & physical spaces and is projected to grow from $43 billion in 2020 to $333 billion in 2025. A 2020 survey found that 91% of businesses are currently using it or plan to use it in future.[2]

Theme parks use immersive technology to add a new experimental layer to their existing rides. A great success story is of a park like China's $1.5 billion VR Star theme park, which doesn't have physical rides at all.

Overall Situational Assessment

This proposal requires significant upfront investment of $9 million for a single attraction. If the proposal is unsuccessful, API will risk capital investments for other parks. The proposal does not align with API's core values and varies significantly from the core business model. Although it has a positive NPV, it does not meet all the key financial objectives. Extensive research into VR would be required before considering the proposal.

Financing Requirements

To co-sponsor with AOC, API will need $5 million in cash upfront for the VR production and $4 million for equipment and leasehold improvements. Refinancing the London's bank loan provides $8 million leaving $1 million needed from internal financing. Per Exhibit 3.3, the new loan covenant is breached in 2025. The option can be internally financed without breaching the R&W loan covenant but would eliminate available funds for reinvesting in existing parks.

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[1] Stephen Johnson, "Immersive Technology Will Revolutionize Everything from Theme Parks to Daily Life," Big Think, July 22, 2021, https://bigthink.com/the-future/immersive-technology/

[2] Bea Mitchell, "6 Attraction Technology Trends for 2020: VR, AR, AI, Bots and Esport," blooloop, January 30, 2020, https://blooloop.com/technology/in-depth/attraction-technology-trends-2020/

Financial Reporting Implications

- The investment in VR production, physical attractions & leasehold improvements will be capitalised & amortised over the estimated useful lives as per ASPE 3061.
- ASPE 3831 should be considered for the $3 million investment in capital assets contributed by AOC for reserving the right to promote and advertise its brand over the horizon of the project.
- ASPE 3063 should also be considered for potential impairment of assets as the VR production assets could become outdated earlier than expected due to technological changes.

Tax Implications

- The $9 million expenditure on capital assets qualifies for accelerated investment incentive resulting in overall tax savings. Any capital gain & terminal loss on sale of assets will be recognised at the time of disposal.
- The rental income from subletting part of the street-level floor could be classified as active business income because the food and restaurant are part of the experience.
- The VR Production could be eligible for the Canadian film or video production tax credit.

Proposal #3: Indoor Amusement Park - Georgian International Hotels Inc. (GIH)

Quantitative Analysis

Impact on Financial Results

If API elects to engage with the indoor GIH theme park they are forecasted to experience profits year-over-year from 2025 onward (see Exhibit 4.1). This suggests that the park will increase API's profitability each year that the partnership with GIH is in place. However, the net present value of the proposal is negative, suggesting that the proposal will not be a profitable venture under current assumptions (see Exhibit 4.2).

Key Objectives

Refer to Exhibit 4.3

Achieve annual revenues equal to or higher than pre-pandemic ($95 million)	**Met**
Increase average in-park per capita spending by 10%	**Met**
Increase operating margin to 17%	**Not Met**

Assumption Uncertainty

- The capital budget was prepared based on forecasted customer activities which may not be indicative of actual operations. GIH's hotel manager also assisted in determining forecasted attendance rates; therefore, bias may be unaccounted for in the figures.
- Financing costs are not considered, which could increase total expenses.
- Costs of goods sold are assumed to remain consistent for seven years. Fluctuations in expenses can alter the profitability of the park in unforeseen ways.
- A consistent income tax rate of 27% is assumed.

Qualitative Analysis

Key Objective

The GIH hotel is located in Calgary. API already has a theme park in Edmonton, Alberta, therefore opening a new park within the province does not meet the strategic objective of increasing API's presence in new Canadian provinces.

Strategic Alignment

Mission	Partially aligned	The park does not provide entertainment for all ages as it focuses on parents and children up to 15 years old
Vision	Aligned	GIH is a Canadian owned and operated company
Values	Partially aligned	API does not have autonomy within the park to control the output of services apart from staffing and ride maintenance

Pros

- This theme park aligns well with API's current parks allowing API to utilize their current marketing approach.
- Indoor parks operate year-round, which would allow API to maintain consistent staff and generate revenues during the colder months of the year.
- GIH is a well-known international company. Working alongside them can increase API's brand awareness and assist API in promoting their other parks.
- Consistent access to tourists due to GIH being an international chain and offering guests an immersive experience allows API to attract the new market which may increase market share

Cons

- API must investigate and resolve all complaints raised by customers about the park. Given GIH's operations on the premise, API may see damage to their potential growth and brand recognition as they interact with new customer bases.
- The agreement may be terminated with a minimum 90-day notice. This places the long-term goals for growth at risk if the agreement is terminated early.
- API is liable for all accidents within the park. However, GIH controls maintenance, operations, and upholds the premises to their standards alone. This may damage API's reputation as they are seeking growth due to litigation risks.
- The proposal does not appeal to people over the age of 15 years old unless they have children. This proposal can limit API's ability to grow their revenues.

Overall Situational Assessment

This proposal requires significant start-up costs of $7 million prior to opening. It meets all but one quantitative objective (see Exhibit 4.3) and has a favourable forecasted return. The agreement with GIH aligns well with API's vision statement but fails to meet all components of the mission statement and identified values.

Financing Requirements

API requires $7 million in 2024 to finance the purchase and installation of rides prior to opening. API has sufficient cash to purchase the rides, but doing so would deplete the current assets significantly and prevent API from repaying the existing loan by the end of 2024. Refinancing may be utilized from London's Bank, which would be finalized on July 1, 2024. This would permit API to repay their R&W loan and fulfil their capital investments without breaching the covenant or exacerbating liquidity risks (see Exhibit 4.4).

Financial Reporting Implications

- ASPE 3061 & 3290 requires that amortization methods and potential impairments for long-lived assets be reviewed regularly.
- Consider ASPE 3290 and the impacts of contingent events given the increased liability under the proposed agreement.
- ASPE 3110 is applicable if the agreement is terminated prematurely given the costs for dismantling their rides.

Tax Implications

- Taxable income will increase as net operating profits rise.
    - API will have capital purchases in 2024 and 2029 onward, which allows them to claim CCA deductions when assets are in use.

Proposal #4: Joint Arrangement with Willow Lakes Amusement Park Inc. (WLAP)

Quantitative Analysis

Impact on Financial Results
Exhibit 5.1 analyses the impact of entering the joint arrangement with WLAP. Additional operating income that will be $4.1 million in 2025, increasing to $5.1 million in 2027.

Valuations of Aqua Bleu
Exhibit 5.2 values the net assets under both market-based and asset-based approaches. Values range from $22.4 million to $23.8 million. This is well above the value of $15 million determined by WLAP.

Key Objectives
Refer to Exhibit 5.3

Achieve annual revenues equal to or higher than pre-pandemic ($95 million)	**Not Met**
Increase average in-park per capita spending by 10%	**Not Met**
Increase operating margin to 17%	**Met**

Assumption Uncertainty
The net asset valuation is based on unaudited fair market values of the net assets provided by Jacob Mason (CEO). These amounts may be overstated to increase the valuation. An assumed discount rate of 12% was used when determining the forgone tax shield in the asset-based valuation approach. Legal fees for the joint arrangement are not considered.

Qualitative Analysis

Key Objective
Expand company's presence to all provinces in Canada - **Not met.** This proposal will not expand to any additional provinces.

Strategic Alignment

Mission	Not aligned	Does not appeal to all ages and does not present as "Canadian-owned"
Vision	Partially aligned	Does not present as "Canadian-owned"
Values	Aligned	The joint arrangement aligns with all five of API's core values

<u>Pros</u>

- Allows API to be more progressive and embrace trends to appeal to the target market (young adults)
- Raoul provides expertise in purchasing and maintaining new types of attractions which can be used across other parks
- Park will have a Quebec theme which is in line with the "Canadian" branding of API and will follow the trend of having themed parks
- Can learn how to use WLAP's data analytics and software and use it to implement similar systems across API's parks

<u>Cons</u>

- WLAP having full control over marketing and branding which may reflect that API no longer owns the parks resulting in reputational risk
- WLAP is a U.S. company which may conflict with API's branding as "Canadian-owned"
- WLAP is a publicly traded company which may have different objectives and force decisions on API to meet their own goals rather than API's goals
- The new, immersive rides may not align with API's current branding of being a classic, family-friendly amusement park. There are significant risks to strategic misalignment such as lack of clear direction for internal stakeholders and confusion among external stakeholders.

<u>Overall Situational Assessment</u>

The proposal results in API investing more (higher valuation of net assets than $15 million). Although it does not align with being "Canadian-owned", relinquishes some control to WLAP, and does not expand to other provinces, it aligns with all quantitative key objectives and is still Canadian themed.

<u>Financing Requirements</u>

Per Exhibit 5.4, this proposal impacts EBITDA, lowering the interest-bearing debt to EBITDA ratio to 2.28 which is lower than the requirement for the London Bank refinancing (<2.5) and the outstanding R&W loan (<3.0). For this option, no financing is required as the investment is the net assets of Aqua Bleu. However, choosing this proposal would allow for the option of issuing new common shares to WLAP for $10 million, which would not impact the ratio. This financing would allow API to pay off the R&W loan of $9 million as desired. Paying off this loan would remove the covenant requirement of <3.0 interest-bearing debt to EBITDA.

The London's bank refinancing option could also be chosen, which would result in a ratio of 2.25 per Exhibit 5.4 which is onside for the covenant. The R&W loan could be paid off using the additional funding (plus $1 million extra to be paid) which will remove the higher interest loan.

Financial Reporting Implications

- IFRS 11 (use of IFRS as WLAP is a public company): joint arrangement is considered a partnership which will own the assets/liabilities and earn revenues/expenses. Therefore, it appears to be a separate legal vehicle, which indicates a joint venture. Therefore,
    - no individual assets or liabilities would show on API's statements
    - Equity method: Investment in joint venture in return for net assets (FV), resulting in realized and unrealized gains on disposal. Investment will subsequently increase or decrease from recognizing equity income.

Tax Implications

- API will have taxable capital gains on the disposal of net assets to the partnership as the transfer will be done at fair market value
- Impact on taxable income:
    - Deduct capital gain for accounting purposes and add taxable capital gains
    - Equity losses (income) are added back (deducted)
    - Dividends received on investments are added to net income for tax purposes, then deducted under Division C to determine taxable income

Recommendations

Decision Matrix Criteria

1. Strategic Fit: Does the proposal align with API's the mission (M), vision (V), and core values (C)?
2. Meeting 2027 goals and objectives: Revenue increase (R), In-park per capita spending (P), and operating margin (O).
3. Upfront investment required and availability: The amount of funds required for the proposal and API's ability to secure it.
4. Competitive advantage and other: Any factors that help to improve API's strategic position in comparison to competitors.

Strategic Option	**Strategic**			**Objectives**				**Upfront investment required and financing available**	**Competitive advantage & other considerations**
				Financial			*Province expansion*		
	M	**V**	**C**	**R**	**P**	**O**			
Start GEA	X	X	X	X	X	X	✓	$1,643,800. Financing available	Future inclusion of games. Can integrate in the parks.
Canadian High Arctic Immersion Experience	X	✓	X	✓	✓	X	✓	$8M. Financing not available	Year-round revenue. Supports reducing ecological footprint. Very different from the current business model.
Indoor amusement park	X	✓	X	✓	✓	X	X	$7M. Financing available	Year-round revenue. Integration of tourist lodging. Liability concerns.
Joint arrangement with WLAP	X	X	✓	X	X	✓	X	$nil. Contribution of net assets.	Expertise from Raoul/international company, including supplier discounts and data analytics/software - utilize in original parks.

Recommendations based on decision matrix

<u>Do Not Open a Start-Up Travelling Carnival (GEA)</u>

- GEA is not aligned with API's mission, vision, or core values as it is not a theme park and it would be difficult to ensure the safety and cleanliness standards that are core to API's strategy.
- GEA does not help API meet any of the quantitative key objectives, however it does meet the objective of expanding to other provinces (Maritimes)
- The demand for the travelling carnival and ability to establish bookings is uncertain which may end up negatively impacting revenues and may not be sustainable long-term.

- API has sufficient financing for this proposal as there is low upfront costs. Either cash on hand could be used or the option of re-financing with London's Bank.

Do Not Open Canadian High Arctic Immersion Experience

- This experience does not appeal to API's usual target market and is not in line with API's current strategy and knowledge base.
- As the experience is technologically advanced and unique, higher entrance fees can be charged, resulting in meeting two of the key objectives.
- A significant upfront investment of $8 million is required. Per analysis, the only option is using internal funds as refinancing is in breach of the covenant. However, using only internal funds may leave API with tight cash flows when considering the desired continued investment in current parks.
- Co-sponsoring with AOC may result in reputational risks and a lack of control in certain areas such as advertising.

Do Not Open an Indoor Amusement Park (GIH)

- It aligns well with the vision and most values of API as it is Canadian-owned and allows for the maintenance of rides and staffing to be controlled by API (safety, high quality service).
- This proposal has a high positive net present value and meets two of the quantitative key objectives.
- The park would require a significant upfront investment of $7M which would have to be covered by current funds available which would tighten cash flows. If refinancing is done through London's bank, the R&W loan would need to be paid off using the additional funds to not be in breach of the covenant.
- API would be impacted by the reputation of GIH and is liable for all accidents on the premises, which is controlled by GIH, which increases legal and reputational risk.

Invest in a Joint Arrangement with Willow Lakes Amusement Park Inc. (WLAP)

- The joint arrangement aligns with all core values of API and aligns with Canadian themes. The mission and vision of API will be updated to best integrate all current parks and the park under joint arrangement.
- The key objective of operation margin being over 17% by 2027 has been met, and the in-park per capita spending is close to being met and trending upwards, meaning it will likely be met in the following years.
- No financing is required as the investment will be the net assets of Aqua Bleu. The available financing options can be explored to pay off the R&W loan (another goal of API).
- There are cost saving synergies that impact every park, such as savings on food and merchandise, as well as purchases of rides.

Overall Strategy

We recommend that API pursues the joint venture with WLAP to improve Aqua Bleu park. The other options do not align well with APIs operating strategy or may result in strains on company cash flow. The joint venture with WLAP aligns with current strategy while moving towards trends of ride innovation and uniqueness. It also allows API to benefit from cost savings across all parks and capitalize on the knowledge of an international company, their operations, and data analytics. This venture is profitable and significantly increases operating margin, which is a better indicator of company performance since it considers both revenue and expenses.

Implementation Plan - Operational Issues

Task	**Time Frame**	**Champion**	**Cost Estimate** (included in wages unless stated)	**Other**
Revise mission & vision statements	By December 31, 2024	Jacob Mason, Terri Kellerman, Natalie Hopkins, Kenneth MacLean	$4,600 (8 hours each)	Board approval required.
Establish a Safety and Park Risk Assessment Committee	Within 1 month	Jacob Mason	$1,700 (10 hours)	Board approval required for implementation.
Improve controls for payroll system	By March 31, 2025 (before next season)	Natalie Hopkins Kenneth MacLean	$12,000 (50 hours each)	Board approval required.
Correct tax return errors	Immediately (to limit interest and penalties)	Divya Mondal	$508,000 - cash	Establish additional internal controls surrounding classification of assets.
Secure agreement to outsource pizza to Zucarelli's	By February 2025	Jacob Mason	$1,350 plus $2,000 cash (legal fees)	Board approval required.
Establish plan for cleaner energy sources	2025 (1 year after joint venture with WLAP is established)	Kenneth MacLean, consultant	$10,000 consultant fee	Board approval required for implementation

Implementation Plan - Joint Arrangement with WLAP

Task	**Time Frame**	**Champion**	**Cost (Estimated)**	**Other**
Refinancing with London's Bank - Board Approval	Immediately (Before June 30, 2024)	Jacob Mason, Terri Kellerman, Natalie Hopkins, Kenneth MacLean	$600 (1 hour board meeting)	Board approval for initiation.
Obtain financing from London's Bank & repay R&W loan	June 30, 2024	Jacob Mason	$9M - Loan and cash	Board approval required.
Secure joint venture agreement with WLAP	By December 31, 2024	Jacob Mason	$8,500 (50 hours) plus $25,000 cash (legal fees) plus net assets of Aqua Bleu	Board approval required.
Governance Structure Changes	By December 31, 2024	Jacob Mason & Raoul Dallaire	$6,700 (20 hours each)	Determine Raoul's role within API and his responsibilities.
Regulatory Compliance	By December 31, 2024	Jacob Mason	$3,400 (20 hours) plus $6,400 cash (accounting fees)	Meet with accounting advisors to ensure proper standards for being followed for joint venture reporting and its impact on API's financials.
Process & Procedures Review	By December 31, 2024	Jacob Mason, Terri Kellerman, Natalie Hopkins, Kenneth MacLean, Raoul Dallaire, consultant	$7,500 (10 hours each) $10,000 cash - balanced scorecard consultant	Review processes of the park with Raoul to integrate API and WLAP's goals.

Financial Forecast & Recommendation

Refer to Exhibit 6 for pro-forma financial statements.

With the WLAP joint venture, outsourcing pizza, and annual $14 million ride additions, pro-forma income statement appears profitable from 2024-2027, with revenue increasing annually. Interest and penalties on taxes payable per Exhibit 8 are included in 2024. Other one-time expenses are included per the implementation plan. Overall per capita spending and operating margin increase to 12.1% and 17.2% in 2027 respectively. EBITDA increases annually with interest bearing debt to EBITDA remaining below 2.5. The statements assume the joint venture starts January 2025 and pizza outsourcing begins in the 2025 season.

Key Objectives & Interest-Bearing Debt to EBITDA Ratio
Refer to Exhibit 6 for detailed calculations.

Achieve annual revenues equal to or higher than pre-pandemic ($95 million)	**Not Met**
Increase average in-park per capita spending by 10%	**Met**
Increase operating margin to 17%	**Met**
Interest Bearing debt to EBITDA Ratio Under 2.5	**Met**
Repay R&W Bank loan in full	**Met**

Expand company's presence to all provinces of Canada	**Not Met**

Qualitative objectives

Financing

API has a few different alternatives for its financing situation with the joint arrangement with WLAP.

1. <u>Refinancing with London's bank</u>

On July 1, 2024, API can refinance its current loan with London's bank for a new loan with different terms.
Pros:

- No equity of the company is given up by API
- Making payments on the loan will keep the credit score strong for API
- API will be able to start paying dividends again with this option with paying off the R&W loan with the additional funds.

Cons:

- Higher interest rate than original loan, meaning higher interest payments for API
- New covenant on loan with EBITA, Ratio of interest-bearing debt to EBITDA must be <2.5, otherwise, the amount is due immediately, which could cause a liquidity problem and planning constraints for API

2. <u>Issue new common shares of API</u>

Prior to December 31, 2024 API will Issue 18,000 common shares for $10,000,000 only if the joint arrangement is accepted

Pros:

- Raoul would manage Aqua Bleu on WLAP's behalf, which would give API a strategic advantage.
- API wouldn't need to secure anymore collateral with this option, and no additional covenants moving forward.

Cons:

- There could be management conflict with core values of Aqua Bleu and could hurt the vision that API has, being represented as a sponsor of Aqua Bleu.
- API would have to give up equity of the company, jeopardising potential future ownership of API

<u>Financing Recommendation</u>

We recommend taking the refinancing with London's bank as annual interest of 9% and using the proceeds and $1 million cash to pay off the R&W loan. This removes the covenant prohibiting dividend payments but does reduce the interest-bearing debt to EBITDA covenant to a maximum of 2.5. API will pay principal annually on November 30, starting 2024 and will need to have enough cash to pay down the loan when it comes due November 30, 2033.

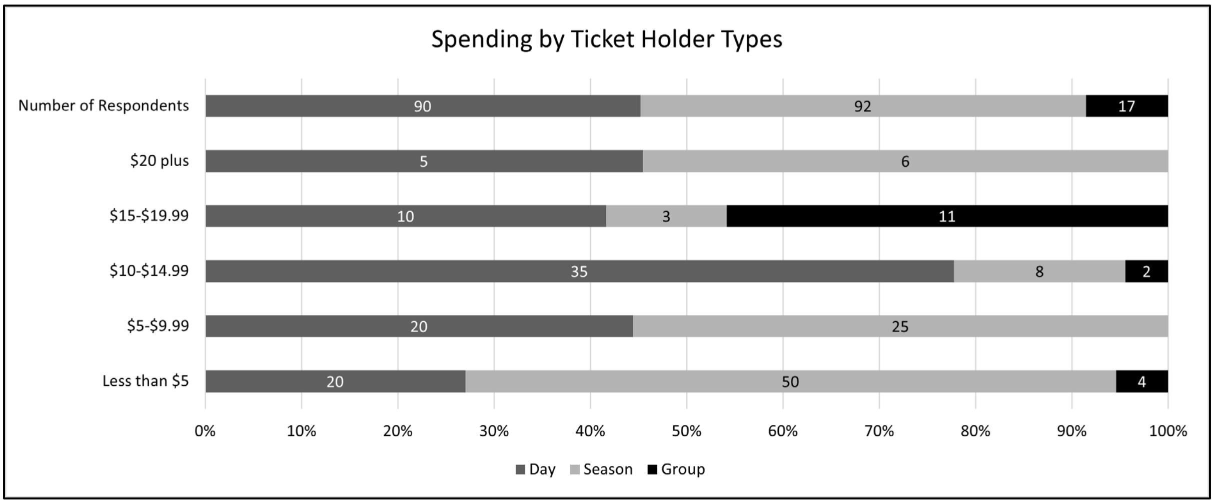
Data Analysis

Visitors

The age ranges of API customers are evenly dispersed with slight favour to the age 18-34 category (38% of total). Based on these findings, API seems to be underestimating the young adult demographics enjoying park attractions. Therefore, marketing strategies and new attractions may need to be reevaluated to cater to the desires of the existing customer bases.

In Park Purchases

API has established in-park per capita spending as a critical performance measure. Data has been obtained to summarize spending habits of customer types (see figure below).



Accessibility note: To view the source data tables, refer to the "Chart reference tables" on page 38.

Key takeaways:

- Most season ticket holders spend less than five dollars.
- Daily customers are variable in their spending habits.
- Group customers spend more per visit than the other customer types

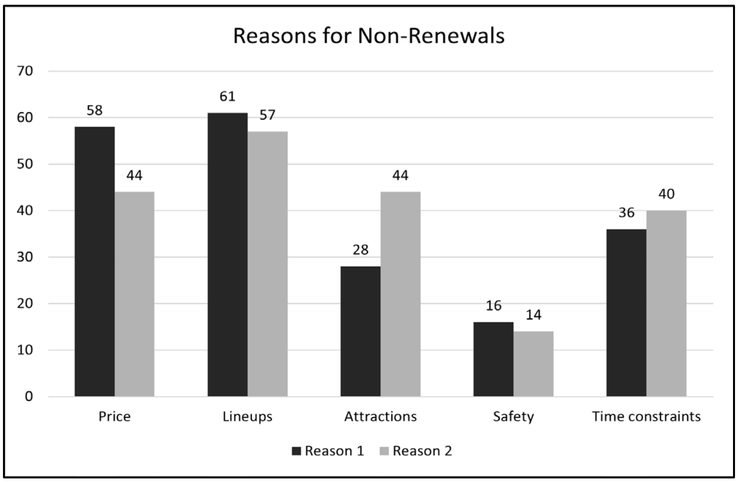
API can increase in-park per capita spending by marketing towards segments likely to spend more. Daily and group customers are unpredictable as they will attend parks for various reasons. As a result, a focus should be placed on increasing season ticket holder spending. Offering discounts to in-park items for season ticket holders could encourage more spending.

Season Ticket Survey

Prior API season ticket holders were asked to declare their top two reasons for not renewing their tickets (see figure beside).

Key takeaways:

- Lineups and prices are the top reasons for ticket holders not renewing.
- The attractions and time constraints within the park were secondary forces in many respondents' decisions to not renew.



Accessibility note: To view the source data tables, refer to the "Chart reference tables" on page 38.

API should address the issues of their prices and lineups. They can reduce the prices of their season tickets or offer alternative packages at lower costs. Long lineups can be addressed by installing low-cost attractions that disperse crowds (e.g., arcade games or character actors). These would provide more activities and may increase the perceived value of park tickets.

Recommendations

- Note repeat daily customers when tickets are sold to help predict the park popularity and assess long standing attractiveness for daily ticket holders.
- Determine the types of purchases made by customers surveyed to assess the popularity of items and provide insight into inventory forecasting.
- Survey season ticket holders choosing to renew so that API can determine what appeals to repeat customers.
- Data used for processing should be saved in secure locations and backups should be password protected to prevent editing.

Mission & Vision Updates

The vision statement should incorporate API’s competitive posture and rebranding with the joint venture with WLAP for a Canadian themed experience to differentiate itself from competitors. The revised vision statement could be the following:

“Our vision is to be the best Canadian-aligned amusement park operations leaving visitors with lifelong, happy, thrilling memories.”

The mission statement should align with both of API's target markets. It should also incorporate the new WLAP partnership, the competitive posture and its target geographic reach into the revised mission statement:

“Our mission is to operate Canadian-themed amusement parks designed for safe fun. We strive to provide accessible Canadian experiences with rides entertaining for families with young children and exhilarating thrills for young people. The parks have rides that are unique and exciting in the region and park employees dedicated to providing exceptional guest service.”

Ethical Issue & Safety and Park Risk Assessment Committee

Weakness - API was recently made aware of employees allowing unauthorised riders to be engaged with park attractions through the acceptance of bribes from customers.

Implication - Customer safety is a top priority of API, but these staff have exposed the company to increased risks of litigation and reputation damages. API faces an ethical concern as staff are placing personal gains before the safety of others. These behaviours and attitudes may spread throughout other areas of the parks and create additional concerns for API in behaviours and attitudes of their returning staff. Traditionally, API has cited their staff as an area of strength, but the HR issues resulting from these instances can alter this perception.

Recommendation - Steps to address these concerns include:

1. API should conduct an internal investigation to determine how widespread this practice has been in their parks.
2. API can revise their code of conduct to communicate their employees' desired actions and require that all staff review the code annually.
3. In-park surveillance can be increased using cameras to promote management's perceived presence in the parks.
4. An anonymous tip line can be created for staff to submit complaints regarding unethical behaviours observed. Employees can bring areas of concern to management without worrying for their reputation or job security.

A Safety and Park Risk Assessment Committee can allow API to continuously monitor the safety of parks. The following aspects should be included in the committee:

- Consist of employees and from each park and management for concerns to be raised from all staff levels.
- Discuss instances of concerns on a quarterly basis
- Assess instances' impacts and establish plans to address all concerns noted.
- Communicate park specific issues to park managers immediately.

Balanced Scorecard

Balanced Scorecard is used to understand how financial and non-financial measures will help align API to their mission, vision and overall objectives. By creating goals, a method to measure, and specified targets, it helps management and employees of API to focus on delivering results for the company.

	Goal	Measure	Target
Learning & Growth	Expand knowledge on environmental sustainability and implement	% of energy that comes from clean energy sources # of litres of water saved annually	Increase clean energy usage by 20% by 2030 Reduce water consumption by 20% by 2030
	Expand to all provinces	# of provinces expanded	Increase number of provinces to 5 and number of parks to 6

		# of amusement parks	by 2027
	Keep updated with new rides/differentiated attractions and emerging technologies	# industry conferences # of internal meeting with Park Managers for changes and what's new	Attend annual industry conferences and have 2 meetings with Park Managers each year (start and end of operating season) to discuss upgrades
Business Processes	Maintaining a safe park environment. Ride safety, inspection and maintenance	# of accidents in a year # of inspections performed by 3rd party engineering consultants	Less than competitors' accident rate 2 inspections at the start and end of operating season
	Maintain employee certifications and Trainings up to date	# of annual training courses attended % of pass rate on end-of-module quizzes	Data analytics showing at least 95% employees attended their training courses with a pass grade on their end-of-module quiz
	Accuracy of payroll system and improve data analytics/ IT systems	# of employee complaints about their pay being incorrect # of new data analytics software installation	5% or less employee complaints for the year Installation of data analytics software in all the parks by 2027
Customers	Keep up-to date on changes in local preferences	# of emailed customer surveys completed	At least 50% completed customer surveys
	Exceptional Customer experience	Average customer satisfaction rate %	Average customer satisfaction rate 90% based on customer feedback surveys
	Grow target market segment and market share	# of visitors coming in each park	10% increase in new visitors by 2027

Financial	Increase revenues	Annual revenues	Increase annual revenues equal to or higher than $95 million
	Increase profitability and operating cash flows for capital spending	(Operating margin) EBITDA margin	Increase to 17% by 2027
	Increase per-capita spending	Average in-park per capita spending	Increase by 10% by 2027

Concession Outsourcing – Pizza

API, has the opportunity to outsource Pizza to Zucarelli's. Per Exhibit 7, outsourcing results in net savings of $319,683. Possible recovery costs for pizza oven disposal is not considered in the analysis.

Zucarelli's is nationally recognized, and their positive reputation aligns with API's standard. Additionally, being a Canadian owned chain aligns with API's Canadian focus and branding. Increased prices might deter visitor spending, but leveraging the Zucarelli brand may help offset this. Also, as API would be earning a royalty based on revenue, it is prudent to obtain audited information for Pizza sales within the parks.

Based on the analysis, pizza should be outsourced to Zucarelli's.

Payroll System

Issue
Following the payroll system upgrades, API has experienced increasing customer concerns regarding the accuracy of pay.

Analysis
Concerns surrounding the upgraded system include:

- Supervisors continue to utilize the old payroll system due to familiarity. This leads to scheduling changes not being addressed timely.
- Scheduling staff cannot access employee profile histories to verify overtime hours. The scheduling system becomes outdated once employee shifts are altered elsewhere.
- Supervisors and employees cannot see whether hours have been coded at the regular or overtime rates. This means that the coding is not being verified after the scheduling manager has entered the values into the system.

- Daily reports are run to compare all hours scheduled and worked by employees, but no one reviews these reports. Failing to utilize a control that is readily available forgoes the benefits of the control.

Recommendations
Based on the above weaknesses identified, API could benefit from implementing certain changes to their payroll system:

1) Remove the old scheduling system from the supervisors' desktops to encourage use of the new payroll system.
2) Allow scheduling staff access to hours worked on employee files allowing verification for hours entered.
3) Create a feature within the system allowing employees and supervisors to see whether shifts are coded correctly. Employees can then dispute hours coded prior to payroll being run.
4) Scheduling managers review the daily reports generated and verify that employee hours are correct. Have supervisors sign-off on the reports to ensure they are reviewed timely. This would fully utilize the controls available in the new system.

Taxation Issue - CCA Error

Per Exhibit 8, the error that resulted in 2022 from the wrong allocation to CCA classes result in an increase of $1,597,700 additional CCA taken in 2023 than actual. At a 27% tax rate the result was 2023 income tax liability being understated by $431,379. The penalties and interest of this error are 5% of the amount owing ($21,569), and 1% interest ($54,9709) the API must pay.

Environmental Sustainability

The younger generation, mainly from people born from the years 1996 to 2005 put a great emphasis on the reduction of waste and the use of clean energy sources such as solar energy. This should be incorporated in the new rides moving forwards as this trend is most likely to increase as time goes on. Technology to reduce the amount of water used in operations should also be considered to reduce API's environmental footprint.

Conclusion

As API continues to strive for growth, we recommend that the joint venture with WLAP is entered into to improve the Aqua Bleu park. This venture will allow API to improve its operating margin, as well as gain insight into the operations and data analytics of an international company. API should also implement the recommendations to update mission and vision statements, form a safety committee, outsource with Zucarelli's, improve the payroll system, amend the incorrect tax returns, and consider environmental improvements.

Appendices

Appendix I – Internal Analysis (SWOT)

Strengths

- Leveraging shareholder knowledge and expertise for efficient operations and staffing has differentiated API from competitors through employee retention and market share
- Being Canadian owned and operated has allowed differentiation from competitors
- Exceptional safety record gives API and their parks a positive reputation
- Multiple food outlets owned and operated by API always passing inspections encourages in park spending, increasing dollars spent per visit
- Strong management teams facilitate park operations and provide suggestions for new attractions to continually attract visitors and increase revenue
- Friendly, respectful staff provide positive experiences, which encouraged repeat customers and contribute to API's market share

Weaknesses

- API's name is not well known. Capitalizing on API's reputation and brand may encourage visitors to multiple parks, increasing overall revenue.
- Only Kenneth attends industry conferences so other shareholders may be unaware of emerging trends and strategies they can leverage to gain market share
- Strategic issues have not been discussed at Board meetings and with changing shareholder goals, API's direction is not well defined
- Shareholder positions have not changed since becoming owners, this may cause directors to have limited focus only on their own roles rather than a more well rounded understanding of API
- Current payroll system is not working properly which may cause employee dissatisfaction and possible loss of qualified staff
- Incorrect tax filings may cause strain on capital and cause concern for shareholders in accuracy of filings and statements.

Opportunities

- Continuing integration of technology into daily life may create opportunity to capitalize on emerging trends attracting more visitors and increasing market share
- Parks are not well known internationally. Rebranding as Canadian themed may attract international visitors, increasing revenues
- Current marketing strategy does not appeal to both target customer groups. This may alienate the 16 - 35 year old market, causing lost revenue opportunities
- Sponsorships may provide funding and income to investment in parks and attract visitors, increasing revenues
- Partnerships with food suppliers may allow more focus on operations of attractions

- Data analytics may allow better understanding of customer purchasing habits allowing API to improve to meet customer demands

Threats

- Larger American companies have more capital to open and operate theme parks, creating more competition and decreasing market share
- Customer alternatives for less expensive activities may cause fewer visitors to the park decreasing revenues
- Technological integration in other parks may lure API's customers away causing decreased revenues and market share
- Weather systems such as storms, high winds, and extreme heat may cause parks to close during the operating season which reduces revenues
- Customers have a growing preference towards immersive experiences[3] that are expensive to implement and can involve aligning operations with outside intellectual properties and API has not integrated these aspects into their existing parks
- Society's growing environmental concerns including waste water reduction may deter visitors from visiting park without recycling set-ups such as pumps and filtration

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[3] Cedar Fair, L.P., 2020 Annual Report (10 K) for the year ended December 31, 2020, https://s2.q4cdn.com/170666959/files/doc_financials/2020/ar/Cedar-Fair-10K-2020-With-Exhibits.pdf

Appendix II – External Analysis (PESTEL)

Political Factors:

- Safety, regular maintenance and inspection of the rides is provincially regulated. A minimum $2.0 million insurance liability coverage and employ a certified amusement device mechanic.
- Food and beverage services are regulated federally, through Health Canada, and provincially.

Economic Factors:

- Spending on attractions depends on per capita disposable income
- Global pandemic caused several closures and any future closures will significantly impact the industry

Social Factors:

- Amount of leisure time directly impacts ability for visitors to go to theme parks
- Desire for family bonding and time together to make lasting memories make parks attractive

Technological Factors:

- Continuous improvement in technology with focus on digital and interactive experiences
- Touchless technologies are increasingly available and cybersecurity is essential

Environmental Factors:

- Increased environment practices, including water sustainability and clean energy sources such as solar panels to generate power may attract visitors
- Limiting environmental impact through recycling and waste reduction is increasingly important for environmental sustainability, strong programs within parks may attract visitors

Legal Factors:

- Lawsuits due to accidents can be substantial and reduce a park's reputation. Insurance liability is essential.
- Compliance with regulations ensures parks operate safely and remain operational

Chart Reference Tables

Spending by Ticket Holder Types

(see chart on page 29)

Spending Amount	Day	Season	Group
Less than $5	20	50	4
$5-$9.99	20	25	0
$10-$14.99	35	8	2
$15-$19.99	10	3	11
$20 plus	5	6	0
Total Respondents	**90**	**92**	**17**

Reasons for Non-Renewals

(see chart on page 29)

Reason	Reason 1	Reason 2
Attractions	28	44
Lineups	61	57
Price	58	44
Safety	16	14
Time constraints	36	40