



EXHIBITION PLACE

July 4, 2006

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Variance Report – Period Ending June 30, 2006**

Purpose:

This report is being submitted for the consideration of the Board.

Financial Implications & Impact Statement:

There are no financial implications resulting from the adoption of this report.

Recommendation:

It is recommended that this report be received for information.

Background:

In accordance with the Financial Management By-law No. 2-99 consolidated variance analysis reports are prepared three times each year for presentation to the Board of Governors.

Discussion:

This report, together with the appended consolidated variance analyses (Schedules 1-7) for the six-month period ending June 30, 2006, is the second of three reports that will be submitted to the Board during 2006. A further consolidated variance report will be submitted to the Board for the period ending September 30, 2006.

Consolidated Position for All Programs

The consolidated financial position of Exhibition Place for the period ending June 30, 2006 indicates a favourable budget variance of \$7,094 as shown on Schedule 1. This variance amount includes the combined activities of the Direct Energy Centre Program, Exhibition Place Program and the CNEA Program.

The Direct Energy Centre Program

Net operating income for the first six months of 2006 is \$765,148 compared to a budget of \$835,206 for an unfavourable variance of \$70,058. However, the Direct Energy Centre Program is forecasting to achieve the year-end budget.

Rental income is unfavourable by \$48,421 due to the timing of new business but the budget is forecast to be achieved by year end. Electrical services are below budget for the same reason. Food and beverage income are unfavourable to budget by \$140,823 due to timing of new business for corporate events and it is expected that the large Ameriprise event in August will help offset this shortfall.

Many of the negative expense variances are due to timing as maintenance and building services are being carried out earlier in the year than had been anticipated. The Finance section is showing a positive expenditure variance as one of the managerial staff positions is vacant and the position has not yet been filled.

Exhibition Place Program

The operating results for the Exhibition Place program for the first six months of the year indicate a negative budget variance of \$8,523.

Some of the major revenue sources for the Exhibition Place program are not meeting their budget targets. Parking is showing a net negative variance of approximately \$480,000 and that can be attributed to a number of factors:

- (i) The 2006 parking budget anticipated significant income from the tenancy of Muzik Club in the Horticulture Building and the expected level of business activity has not occurred
- (ii) A very ambitious "new business" target was set in the 2006 parking budget for the Direct Energy Centre and the Ricoh Coliseum and these shows and events have not taken place

As a positive comment on the parking operations, the income associated with the Ricoh Coliseum's hockey games were ahead of budget forecasts in the earlier part of this year.

Another negative revenue source is Sales Revenue which includes income from Board shows and tenants. This account is \$134,520 below budget target largely a result of income for various tenants and events that did not materialize such as Aerophile; Canada Sports Hall of Fame and Canada Motorsport Hall of Fame.

Early in 2006 it was recognized that there would be serious budget pressures because of the above noted revenue shortfalls in 2006 and an aggressive expenditure control program was implemented across the program and to date \$542,000 of savings have been achieved. Other positive variances that are occurring are in utilities (\$52,000) and enhanced income associated with the level of skilled trade activity at the Ricoh Coliseum.

In summary the Exhibition Place program has significant revenue shortfalls to deal with but these budget pressures are being offset at the current time by expenditure reductions.

Canadian National Exhibition Association

The financial results for the period ending June 30, 2006 reflect a favourable variance of \$85,674. This positive variance is the result of expenditures being less than budget forecast by \$45,480 and revenues exceeding the budget projection by \$40,194. The main factor for the positive variance for CNEA revenues are building rentals and these are coming in faster than expected in the budget forecast.

The Horse Show and the Casino will both start this year on Monday, July 31st and this will be the beginning of CNEA operations. This six-month variance report for the CNEA is still very early in its operating cycle and the September variance report should give more meaningful financial information.

Conclusion:

This report provides the variance analysis for the first six months of 2006 for the Direct Energy Centre Program, the Exhibition Place Program and the CNEA Program.

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Submitted by:


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General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2006**

	<u>ANNUAL BUDGET</u>	<u>CURRENT MONTH</u>		<u>VARIANCE \$</u>	<u>YEAR TO DATE</u>		<u>VARIANCE*</u>	
		<u>BUDGET</u>	<u>ACTUAL</u>		<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
DEC								
- REVENUES	11,041,809	523,502	458,243	(65,259)	7,276,700	7,218,395	(58,305)	(0.80)
- EXPENSES	10,149,835	855,284	702,839	152,445	6,441,494	6,453,247	(11,753)	(0.18)
- SUB-TOTAL	891,974	(331,782)	(244,596)	87,186	835,206	765,148	(70,058)	(8.39)
EXHIBITION PLACE								
- REVENUES	12,071,969	769,618	641,935	(127,683)	6,099,054	5,418,800	(680,254)	(11.15)
- EXPENSES	14,097,031	1,755,513	1,632,305	123,208	8,398,954	7,727,223	671,731	8.00
- SUB-TOTAL	(2,025,062)	(985,895)	(990,370)	(4,475)	(2,299,900)	(2,308,423)	(8,523)	(0.37)
CNEA								
- REVENUES	21,820,706	416,168	428,063	11,895	2,768,737	2,808,931	40,194	1.45
- EXPENSES	21,022,904	613,525	595,200	18,325	1,890,685	1,845,205	45,480	2.41
- SUB-TOTAL	797,802	(197,357)	(167,137)	30,220	878,052	963,726	85,674	9.76
CONSOLIDATED								
- REVENUES	44,934,484	1,709,288	1,528,241	(181,047)	16,144,490	15,446,126	(698,364)	(4.33)
- EXPENSES	45,269,770	3,224,322	2,930,344	293,978	16,731,133	16,025,675	705,458	4.22
TOTAL	(335,286)	(1,515,034)	(1,402,103)	112,931	(586,643)	(579,549)	7,094	1.21

NOTE: *

() INDICATES UNFAVOURABLE VARIANCE

DIRECT ENERGY CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2006

	ANNUAL BUDGET (1)	CURRENT MONTH BUDGET (2)	CURRENT MONTH ACTUAL (3)	CUR. MNTH. VARIANCE \$ (4)	YEAR TO DATE BUDGET (5)	YEAR TO DATE ACTUAL (6)	VARIANCE \$ (7)	VARIANCE % (8)	ANNUAL BUDGET REMAINING % (9) =100-(6)/(1)
<u>REVENUES</u>									
Rental Income	6,736,163	280,937	231,296	(49,641)	4,033,397	3,984,976	(48,421)	(1.20)	40.84
Electrical Services	715,955	14,528	11,146	(3,382)	358,855	318,506	(40,349)	(11.24)	55.51
Food & Beverage	1,300,492	29,610	11,498	(18,112)	818,642	677,819	(140,823)	(17.20)	47.88
Third Party Billings	947,859	120,627	82,184	(38,443)	1,425,801	1,502,559	76,758	5.38	(58.52)
Advertising	237,197	19,784	17,940	(1,844)	119,744	108,699	(11,045)	(9.22)	54.17
Other Income	234,348	9,059	29,326	20,267	60,912	160,270	99,358	163.12	31.61
Official Supplier & Bus. Centre	81,378	4,498	27,120	22,622	103,433	108,742	5,309	5.13	(33.63)
Telecommunications	432,442	14,794	18,493	3,699	177,926	181,384	3,458	1.94	58.06
Ricoh/MLSE - Grounds Lease	355,975	29,665	29,240	(425)	177,990	175,440	(2,550)	0.00	50.72
TOTAL	11,041,809	523,502	458,243	(65,259)	7,276,700	7,218,395	(58,305)	(0.80)	34.63

DIRECT ENERGY CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2006

	ANNUAL BUDGET (1)		CURRENT MONTH (2)		CUR. MNTH. VARIANCE (4)		YEAR TO DATE (5)		VARIANCE (7)		ANNUAL BUDGET REMAINING (9)	
	BUDGET	ACTUAL	BUDGET	ACTUAL	\$	%	BUDGET	ACTUAL	\$	%	BUDGET	%
					(4)	(8)	(5)	(6)	(7)	(8)		=100-(6)/(1)
EXPENSES												
Cleaning & Show Services	1,737,016	47,460	37,969	1,029,082	37,969	(6.50)	1,029,082	1,095,927	(66,845)	(6.50)	36.91	
Telecommunications	434,988	38,591	(2,596)	217,470	(2,596)	(8.25)	217,470	235,414	(17,944)	(8.25)	45.88	
Advertising & Sponsorship	83,188	7,675	(159)	39,096	(159)	(21.07)	39,096	47,334	(8,238)	(21.07)	43.10	
Direct Operating Costs/PMD	3,846,628	249,532	93,183	2,883,632	93,183	(1.48)	2,883,632	2,926,433	(42,801)	(1.48)	23.92	
Operations Dept.	700,464	59,072	(1,573)	349,934	(1,573)	(3.82)	349,934	363,309	(13,375)	(3.82)	48.13	
Event Services Dept.	1,346,216	112,009	1,642	675,106	1,642	3.13	675,106	653,970	21,136	3.13	51.42	
Executive Dept.	577,485	47,978	(613)	293,618	(613)	0.01	293,618	293,575	43	0.01	49.16	
Finance Dept.	1,022,853	86,080	9,689	514,553	9,689	12.41	514,553	450,692	63,861	12.41	55.94	
Depreciation - Equipment	15,600	1,055	245	7,800	245	22.22	7,800	6,067	1,733	22.22	61.11	
Marketing Dept.	847,175	70,598	23,689	423,588	23,689	26.67	423,588	310,614	112,974	26.67	63.34	
Management Fees	358,333	29,931	(70)	179,166	(70)	(0.23)	179,166	179,583	(417)	(0.23)	49.88	
RECOVERIES												
Telecommunications	75,000	0	0	0	0	0.00	0	0	0	0.00	100.00	
CNE Direct Operating Costs	(522,963)	0	0	0	0	0.00	0	0	0	0.00	100.00	
MLSE Recovery	(96,026)	(8,002)	0	(48,012)	0	0.00	(48,012)	(48,012)	0	0.00	50.00	
Utility Recovery	(35,000)	0	0	0	0	0.00	0	0	0	0.00	100.00	
Gapping	(90,067)	(7,506)	(7,506)	(45,036)	(7,506)	0.00	(45,036)	0	(45,036)	0.00	100.00	
Event Services Dept.	(36,000)	(3,000)	0	(18,000)	0	0.00	(18,000)	(18,000)	0	0.00	50.00	
Servomation	(115,055)	(6,403)	(1,455)	(60,503)	(1,455)	(27.84)	(60,503)	(43,659)	(16,844)	(27.84)	62.05	
TOTAL	10,149,835	855,284	152,445	6,441,494	152,445	(0.18)	6,441,494	6,453,247	(11,753)	(0.18)	36.42	

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2006**

<u>REVENUES</u>	<u>ENTITY CODE</u>	<u>ACCOUNT</u>	<u>ANNUAL BUDGET</u>		<u>CUR MONTH</u>		<u>YEAR TO DATE</u>		<u>YTD</u>		<u>ANNUAL BUDGET TO BE ACHVD.</u>
			<u>(1)</u>	<u>(1)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>(4)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	
				<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>	<u>(9)</u>
50- 108		Parking and Traffic Revenue	5,389,200	258,500	157,066	(101,434)	2,785,200	2,196,637	(588,563)	(21.13)	59.24
116		Accounting Revenue	1,772,862	48,345	63,041	14,696	922,735	973,911	51,176	5.55	45.07
117		Overhead Admin. Support	1,164,130	0	0	0	0	0	0	0.00	100.00
118		Overhead Site Prep.	1,984,315	0	0	0	0	0	0	0.00	100.00
201		Sales Revenue	1,944,878	133,485	86,993	(46,492)	1,228,705	1,094,185	(134,520)	(10.95)	43.74
306		Cleaning Recoveries	15,000	900	960	60	5,000	4,320	(680)	(13.60)	71.20
313		Rentals & Services	2,950,029	328,388	333,874	5,486	1,157,414	1,149,748	(7,666)	(0.66)	61.03
		CNEA Recoveries	(3,148,445)								
		TOTAL	12,071,969	769,618	641,934	(127,683)	6,099,054	5,418,800	(680,254)	(11.15)	55.11

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2006**

EXPENSES	ENTITY CODE	ACCOUNT	ANNUAL BUDGET		CURRENT MONTH		CUR MNTH		YEAR TO DATE		YTD		ANNUAL BUDGET REMAINING % = (6)/(1)
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
50- 100		General Manager	345,747	45,646	43,877	1,769	139,550	130,047	9,503	6.81	62.39		
101		Board of Governors	59,000	28,200	28,152	48	38,000	37,581	419	1.10	36.30		
103		Corporate Secretary	364,324	38,747	32,817	5,930	175,145	136,553	38,592	22.03	62.52		
104		Archives & Com. Records	136,946	11,234	10,640	594	66,974	64,374	2,600	3.88	52.99		
105		Corporate & Statutory Exp.	1,698,040	179,795	183,490	(3,695)	880,344	928,167	(47,823)	(5.43)	45.34		
106		Purchasing & Stores	170,425	11,770	11,348	422	74,661	68,736	5,925	7.94	59.67		
107		Human Resources	363,260	28,970	35,404	(6,434)	179,064	182,520	(3,456)	(1.93)	49.76		
108		Parking and Traffic	1,612,234	106,778	99,274	7,504	820,972	713,151	107,821	13.13	55.77		
116		Accounting	1,886,368	306,426	304,168	2,258	965,580	955,794	9,786	1.01	49.33		
160		Information & Technology	226,480	21,812	21,091	721	102,484	90,809	11,675	11.39	59.90		
201		Sales Expenses	298,372	26,337	18,401	7,936	118,279	91,006	27,273	23.06	69.50		
301		Operations Administration	1,251,727	103,842	82,787	21,055	601,235	508,425	92,810	15.44	59.38		
302		Grounds Maintenance	105,000	13,500	9,600	3,900	28,000	23,513	4,487	16.03	77.61		
305		Utilities	810,767	76,732	48,802	27,930	512,973	460,544	52,429	10.22	43.20		
306		Cleaning Services	511,950	77,381	76,548	833	277,173	270,289	6,884	2.48	47.20		
308		Special Appropriations	341,000	25,500	25,427	73	48,500	48,409	91	0.19	85.80		
313		Rentals & Services	2,250,734	187,650	187,601	49	929,767	928,420	1,347	0.14	58.75		
316		Labour	543,157	49,618	49,123	495	270,002	285,811	(15,809)	(5.86)	47.38		
321		Electrical Maintenance	920,904	102,667	88,303	14,364	569,081	411,747	157,334	27.65	55.29		
323		Engineering	30,650	25,100	24,106	994	10,850	3,220	7,630	70.33	89.50		
324		Welding	66,526	3,981	4,041	(60)	30,251	30,455	(204)	(0.67)	54.22		
325		Carpentry	471,980	40,790	33,191	7,599	235,593	214,335	21,258	9.02	54.59		
326		Painting	269,995	37,437	36,497	940	131,082	128,861	2,222	1.69	52.27		
327		Mechanic & Garage	448,490	40,430	39,179	1,251	209,260	201,765	7,495	3.58	55.01		
328		Plumbing	584,593	47,310	41,135	6,175	239,788	184,160	75,628	31.54	71.92		
329		HVAC	569,989	44,642	29,267	15,375	295,619	212,035	83,584	28.27	62.80		
330		IATSE	171,519	16,692	17,240	(548)	97,764	101,500	(3,736)	(3.82)	40.82		
334		Creative Serv. & Sign Shop	45,919	4,013	1,999	2,014	23,293	17,068	6,225	26.72	62.83		
500		Security	689,380	52,513	48,800	3,713	327,670	317,931	9,739	2.97	53.88		
		CNEA Recoveries	(3,148,445)										
		TOTAL	14,097,031	1,755,513	1,632,305	123,208	8,398,954	7,727,223	671,731	8.00	45.19		

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2006

REVENUES

ENTITY CODE	ACCOUNT	ANNUAL BUDGET (1)		CURRENT MONTH (2)		CURRENT MONTH ACTUAL (3)		CUR MNTH VARIANCE \$ (4)	YEAR TO DATE (5)		YEAR TO DATE ACTUAL (6)		VARIANCE \$ (7)		VARIANCE % (8)		ANNUAL BUDGET TO BE ACHVD. % (9)=(6)/(1)
				BUDGET	BUDGET	ACTUAL	ACTUAL		BUDGET	ACTUAL							
10- 112	Admission	6,286,397	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	100.00
121	Parking	1,261,109	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	100.00
202	Agriculture	137,017	0	0	0	0	0	0	6,100	6,025	6,025	(75)	(1.23)	(75)	(1.23)	95.60	
205	Sports	7,000	0	0	0	0	0	0	0	0	0	0	0.00	0	0.00	100.00	
208	Concessions	4,532,464	54,468	54,703	235	54,703	235	235	520,937	517,572	517,572	(3,365)	(0.65)	(3,365)	(0.65)	88.58	
209	Casino	5,029,482	6,600	14,201	7,601	14,201	7,601	7,601	6,600	14,201	14,201	7,601	115.17	7,601	115.17	99.72	
210	Marketing	2,132,342	0	0	0	0	0	0	120,000	116,512	116,512	(3,488)	(2.91)	(3,488)	(2.91)	94.54	
305	Utilities	68,495	5,000	6,974	1,974	6,974	1,974	1,974	35,000	29,727	29,727	(5,273)	(15.07)	(5,273)	(15.07)	56.60	
317	Client Services	66,500	0	0	0	0	0	0	0	0	0	0	0.00	0	0.00	100.00	
318	Building Rentals	2,299,900	350,100	352,185	2,085	352,185	2,085	2,085	2,080,100	2,124,894	2,124,894	44,794	2.15	44,794	2.15	7.61	
	TOTAL	21,820,706	416,168	428,063	11,895	428,063	11,895	11,895	2,768,737	2,808,931	2,808,931	40,194	1.45	40,194	1.45	87.13	

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2006

EXPENSES

ENTITY CODE	ACCOUNT	ANNUAL BUDGET		CURRENT MONTH		CUR. MONTH		YEAR TO DATE		VARIANCE		ANNUAL BUDGET REMAINING % (9)=(6)/(1)
		(1)	(2)	BUDGET	ACTUAL	BUDGET	VARIANCE	(3)	(4)	(5)	(6)	
10- 102	CNEA	80,225	4,200	4,183	17	16,100	14,017	2,083	12.94	82.53		
103	Corporate Secretary	69,548	3,000	2,582	418	22,223	19,621	2,602	11.71	71.79		
105	Corporate & Statutory Exp.	705,952	25,000	23,643	1,357	135,965	130,037	5,928	4.36	81.58		
107	Human Resources	25,239	2,350	2,308	42	3,500	3,288	212	6.05	86.97		
111	Telecommunications	58,000	8,000	7,930	70	11,000	10,755	245	2.23	81.46		
112	Admission	1,847,136	870	866	4	3,850	3,807	43	1.12	99.79		
117	Overhead Admin. Support	1,164,130	0	0	0	0	0	0	0.00	100.00		
118	Overhead - Site Prep.	1,984,315	0	0	0	0	0	0	0.00	100.00		
121	Parking	190,624	0	0	0	0	0	0	0.00	100.00		
200	CNEA GM Office	403,090	18,212	19,941	(1,729)	117,496	129,190	(11,694)	(9.95)	67.95		
202	Agriculture	1,462,350	18,907	17,902	1,005	144,711	134,930	9,781	6.76	90.77		
203	Entertainment	1,106,725	54,320	53,788	532	91,560	88,764	2,796	3.05	91.98		
204	Attractions	417,767	4,500	3,051	1,449	7,000	6,362	638	9.11	98.48		
205	Sports	542,320	13,200	11,671	1,529	18,100	15,730	2,370	13.09	97.10		
206	Program Management	362,399	32,709	28,046	4,663	138,604	137,634	970	0.70	62.02		
208	Concessions	1,183,624	35,118	34,405	713	165,897	164,165	1,732	1.04	86.13		
209	Casino	2,661,000	64,010	62,840	1,170	268,935	266,102	2,833	1.05	90.00		
210	Marketing	2,190,261	114,160	110,311	3,849	434,845	419,885	14,960	3.44	80.83		
211	Air Show	425,000	75,000	75,000	0	75,000	75,000	0	0.00	82.35		
212	Special Features	967,240	104,000	103,200	800	110,000	106,200	3,800	3.45	89.02		
213	Community Heritage	170,806	1,700	1,248	452	9,700	8,295	1,405	14.49	95.14		
305	Utilities	458,829	0	0	0	0	0	0	0.00	100.00		
307	Cleaning Services	411,661	0	0	0	0	0	0	0.00	100.00		
310	Grounds Maintenance	389,841	12,633	12,503	130	7,290	6,843	447	6.13	98.24		
317	Client Services	334,417	7,000	6,574	426	12,000	14,781	(2,781)	(23.18)	95.58		
318	Building Rentals	887,442	14,636	13,210	1,426	96,909	89,798	7,111	7.34	89.88		
530	DEC Operations	522,963	0	0	0	0	0	0	0.00	100.00		
TOTAL		21,022,904	613,525	595,200	18,325	1,890,685	1,845,205	45,480	2.41	91.22		