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May 12, 2005

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Variance Report – Period Ending April 30, 2005**

Purpose:

This is a report on the variance for all three programs of Exhibition Place to the end of April, 2005.

Financial Implications & Impact Statement:

There are no financial implications to this report.

Recommendation:

This report is submitted for the information of the Board.

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.

Comments:

This report, together with the appended consolidated variance analyses (Schedules 1-7) for the four-month period ending April 30, 2005, is the first of three reports that will be submitted to the Board during 2005. Further consolidated variance reports will be submitted to the Board for the periods ending June 30 and September 30, 2005.

The year 2005 variance process will require staff responsible for the management of activities and related budget funding to report to the General Manager on a monthly basis for any variances in excess of 10% during the first eight months of the year. This variance will be reduced to 5% for the remainder of the year to ensure tighter financial control.

Consolidated Position for All Programs

The consolidated financial position of Exhibition Place for the period ending April 30, 2005 reflects an unfavourable variance of \$568,030 as indicated on Schedule 1. This variance reflects

the combined activities of the National Trade Centre Program, Exhibition Place Program and the CNEA Program.

The National Trade Centre Program

Net Operating Income for the period ending April 30, 2005 was \$1,303,812 compared to a budget of \$1,523,100 for an unfavourable variance of \$219,288. NTC Operations had a positive variance of \$10,665 but this was offset by the negative contribution of \$229,953 from Ricoh Coliseum. The negative contribution is due mainly to the absence of budgeted hockey events.

There has been an ongoing effort to achieve expenditure savings at the National Trade Centre for the first four months of the year and the following actions are in place to make up the shortfall:

- (a) Ricoh staffing complement has been reduced and NTC staff covers Ricoh work.
- (b) Both cost controls and cost containment measures are in place and discretionary expenditures are being reviewed.
- (c) The Sales Team endeavours to achieve and if possible to exceed the sales target.

Exhibition Place Program

The budget for the period ending April 30, 2005 reflects an unfavourable variance of \$392,424.

One reason for this variance is an amount of \$375,000 in interim property taxes that have been paid to the City of on behalf of Ricoh Coliseum. This amount will be totally recovered from the City of Toronto as soon as the tax exempt status of the Ricoh Coliseum to June 30, 2005 is confirmed and will not be a factor at the end of year variance.

A second reason for the negative variance is a shortfall in net parking revenues of approximately \$323,000 compared to budget for the first four months of 2005 resulted from the following factors:

- (d) The budget for 2005 had anticipated that the Muzik Club would be operational in the Horticulture Building and parking revenues from its operations would be occurring (\$130,000 in budget)
- (e) Many of the NTC shows (Boat Show, Chinese New Year, Interior Design, Sportsman, and Craft Shows) have had lower parking revenues than budgeted as based on previous years experience. We estimate that a majority of the decrease in parking revenues from budget is due to the free parking offered by the shows at Ontario Place.
- (f) Budgeted parking revenues from projected new trade & consumer show activity has not materialized which was projected to be \$179,000 in incremental parking revenues to the end of April 2005.

As with the NTC Program, management staff have set in place actions to offset the negative variances noted above by reducing costs wherever possible. To date \$157,937 of savings has been achieved within the operations areas through higher revenues earned from services;

decreasing overhead staffing levels if possible; and gapping of permanent salaries. Parking expenditures have been reduced by \$155,000 given the lower level of parking activity.

The Corporate and Statutory Expense account contains all of the payroll deduction expenses and other corporate expenditures for Exhibition Place such as Canada Pension Plan (CPP), Employer Health Tax (EHT), OMERS employer pension contributions, insurance costs, audit fees, etc. This account is showing a positive variance to budget of \$43,807. This positive variance may persist throughout the year as early in 2005 Exhibition Place received an approximate \$40,000 refund for an overpayment of provincial taxes on its health insurance premiums in the prior year.

Canadian National Exhibition Association

The budget for the period ending April 30, 2005 reflects a favourable variance of \$43,682.

In the case of the CNEA, it is in a programming and planning phase rather than an operational mode and less than 5% of the total budgeted expenses are forecast to be made during the first four months. With respect to the revenues, rental income is achieving budget expectations to this point in time. Expenditures appear to be, in aggregate, closely following budget forecasts.

Conclusion:

This report provides the variance analysis for the first four months of 2005 for the National Trade Centre Program, Exhibition Place Program and the CNEA Program. In summary, the consolidated financial position of Exhibition Place for the period ending April 30, 2005 reflects an unfavourable variance of \$568,030. However, \$375,000 of this \$568,030 is related to the change in the property tax status of the Ricoh Coliseum and will correct by year-end leaving a net negative variance to April 30, 2005 of \$193,030. As noted above, management has put in place cost control measures to address this negative variance.

Contact:

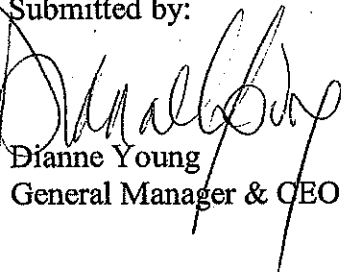
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Submitted by:



Dianne Young
General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2005**

	<u>ANNUAL</u>	<u>YEAR TO DATE</u>		<u>VARIANCE*</u>	
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
NTC					
- REVENUES	13,326,960	6,265,708	6,070,389	(195,319)	(3.12)
- EXPENSES	12,037,127	4,742,608	4,766,577	(23,969)	(0.51)
- SUB-TOTAL	1,289,833	1,523,100	1,303,812	(219,288)	(14.40)
EXHIBITION PLACE					
- REVENUES	12,922,155	4,412,013	3,286,187	(1,125,826)	(25.52)
- EXPENSES	14,639,314	5,879,730	5,146,328	733,402	12.47
- SUB-TOTAL	(1,717,159)	(1,467,717)	(1,860,141)	(392,424)	(26.74)
CNEA					
- REVENUES	20,689,558	1,076,600	1,086,146	9,546	0.89
- EXPENSES	20,013,232	876,519	842,383	34,136	3.89
- SUB-TOTAL	676,326	200,081	243,763	43,682	21.83
CONSOLIDATED					
- REVENUES	46,938,673	11,754,321	10,442,722	(1,311,599)	(11.16)
- EXPENSES	46,689,673	11,498,857	10,755,288	743,569	6.47
TOTAL	249,000	255,464	(312,566)	(568,030)	222.35

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2005**

	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
		<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
<u>REVENUES</u>					
Rental Income	6,609,406	3,310,008	3,225,443	(84,565)	(2.55)
Electrical Services	793,916	307,321	341,186	33,865	11.02
Food & Beverage	1,302,326	694,515	653,472	(41,043)	(5.91)
Third Party Billings	2,894,394	1,233,091	1,431,504	198,413	16.09
Advertising	348,000	160,981	76,705	(84,276)	(52.35)
Other Income	171,136	47,200	96,300	49,100	104.03
Official Supplier & Bus. Centre	93,420	81,486	68,785	(12,701)	(15.59)
Telecommunications	453,225	166,265	142,106	(24,159)	(14.53)
Ricoh Rental - Grounds Lease	339,000	0	0	0	0.00
Ricoh Events - net	322,137	264,841	34,888	(229,953)	0.00
TOTAL	13,326,960	6,265,708	6,070,389	(195,319)	(3.12)

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Schedule 2

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2005**

<u>EXPENSES</u>	<u>ANNUAL</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
Cleaning & Show Services	2,251,452	944,762	1,092,800	(148,038)	(15.67)
Telecommunications	430,499	142,734	157,673	(14,939)	(10.47)
Advertising & Sponsorship	88,000	29,332	28,116	1,216	4.15
Direct Operating Costs/PMD	5,111,304	2,080,391	2,097,820	(17,429)	(0.84)
Operations Dept.	667,683	222,228	227,128	(4,900)	(2.20)
Event Services Dept.	1,317,669	440,340	407,402	32,938	7.48
Executive Dept.	550,745	188,329	159,889	28,440	15.10
Finance Dept.	978,952	324,256	325,693	(1,437)	(0.44)
Depreciation - Equipment	40,000	13,332	7,040	6,292	47.19
Marketing Dept.	833,030	277,676	230,913	46,763	16.84
Management Fees	427,000	135,918	117,500	18,418	13.55
 <u>RECOVERIES</u>					
Telecommunications	69,000	0	0	0	0.00
CNE Direct Operating Costs	(460,450)	0	0	0	0.00
Utility Recovery	(40,000)	0	0	0	0.00
Event Services Dept.	(35,000)	(11,668)	(11,668)	0	0.00
Servomation	(112,757)	(45,022)	(32,669)	(12,353)	(27.44)
Ricoh Recovery-NTC salary alloc.	(80,000)	0	(41,060)	41,060	0.00
TOTAL	12,037,127	4,742,608	4,766,577	(23,969)	(0.51)

May 11, 2005

Schedule 3

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2005**

REVENUES

<u>ENTITY CODE</u>	<u>ACCOUNT</u>	<u>ANNUAL</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
		<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
50- 108	Parking and Traffic Revenue	5,655,600	2,153,548	1,675,312	(478,236)	(22.21)
116	Accounting Revenue	1,115,280	367,396	437,865	70,469	19.18
117	Overhead Admin. Support	1,091,723	0	0	0	0.00
118	Overhead Site Prep.	1,901,000	0	0	0	0.00
201	Sales Revenue	2,108,345	556,829	503,685	(53,144)	(9.54)
306	Cleaning Recoveries	5,000	2,000	2,160	160	8.00
313	Rentals & Services	4,037,930	1,332,240	667,165	(665,075)	(49.92)
	CNEA Recoveries	(2,992,723)				
TOTAL		12,922,155	4,412,013	3,286,187	(1,125,826)	(25.52)

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2005**

EXPENSES

<u>ENTITY CODE</u>	<u>ACCOUNT</u>	<u>ANNUAL</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
		<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
50- 100	General Manager	348,746	106,403	95,541	10,862	10.21
101	Board of Governors	59,000	13,500	8,310	5,190	38.44
103	Corporate Secretary	364,263	118,764	109,514	9,250	7.79
104	Archives & Com. Records	153,235	53,204	41,973	11,231	21.11
105	Corporate & Statutory Exp.	1,232,343	479,513	435,706	43,807	9.14
106	Purchasing & Stores	170,629	53,704	47,585	6,119	11.39
107	Human Resources	441,261	150,660	132,108	18,552	12.31
108	Parking and Traffic	1,764,636	545,977	390,905	155,072	28.40
116	Accounting	1,253,139	418,364	822,512	(404,148)	(96.60)
160	Information & Technology	237,098	75,713	66,200	9,513	12.57
201	Sales Expenses	402,210	103,723	108,310	(4,587)	(4.42)
301	Operations Administration	1,138,271	379,292	333,643	45,649	12.04
302	Grounds Maintenance	65,000	4,700	4,677	23	0.49
305	Utilities	876,854	468,551	409,708	58,843	12.56
306	Cleaning Services	474,201	159,367	165,929	(6,562)	(4.12)
308	Special Appropriations	341,000	30,000	29,000	1,000	3.33
313	Rentals & Services	3,351,014	1,117,008	507,332	609,676	54.58
316	Labour	555,298	210,925	191,925	19,000	9.01
320	Plant	418,850	94,039	92,981	1,058	1.12
321	Electrical Maintenance	861,463	272,642	233,489	39,153	14.36
323	Engineering	28,538	105,868	104,189	1,679	1.59
324	Welding	70,026	23,150	19,909	3,241	14.00
325	Carpentry	403,480	129,726	108,481	21,245	16.38
326	Painting	271,745	88,535	64,238	24,297	27.44
327	Mechanic & Garage	467,190	131,297	132,236	(939)	(0.71)
328	Plumbing	473,593	124,857	109,380	15,477	12.40
329	HVAC	529,989	145,595	106,830	38,765	26.62
330	IATSE	165,262	64,456	67,506	(3,050)	(4.73)
334	Creative Serv. & Sign Shop	33,517	12,810	20,112	(7,302)	(57.00)
500	Security	680,185	197,387	186,099	11,288	5.72
	CNEA Recoveries	(2,992,723)				
TOTAL		14,639,313	5,879,730	5,146,328	733,402	12.47

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Schedule 5

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2005**

REVENUES

<u>ENTITY CODE</u>	<u>ACCOUNT</u>	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
			<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
10- 112	Admission	7,518,372	0	0	0	0.00
121	Parking	1,358,991	0	0	0	0.00
202	Agriculture	136,300	0	0	0	0.00
205	Sports	7,000	0	0	0	0.00
208	Concessions	4,575,900	0	6,974	6,974	0.00
209	Casino	4,038,000	0	0	0	0.00
210	Marketing	725,000	0	0	0	0.00
305	Utilities	68,495	0	0	0	0.00
317	Client Services	71,500	0	0	0	0.00
318	Building Rentals	2,190,000	1,076,600	1,079,172	2,572	0.24
TOTAL		20,689,558	1,076,600	1,086,146	9,546	0.89

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2005

EXPENSES

<u>ENTITY CODE</u>	<u>ACCOUNT</u>	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
			<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
10- 102	CNEA	80,000	10,200	6,587	3,613	35.42
103	Corporate Secretary	68,000	12,300	794	11,506	93.55
105	Corporate & Statutory Exp.	338,847	80,600	77,809	2,791	3.46
107	Human Resources	28,897	300	254	47	15.50
109	Grounds and Traffic	123,348	0	0	0	0.00
111	Telecommunications	55,000	7,500	8,000	(500)	(6.67)
112	Admission	1,201,597	2,500	2,241	259	10.37
113	Admission Gates	495,672	14,000	13,860	140	1.00
117	Overhead Admin. Support	1,091,723	0	0	0	0.00
118	Overhead - Site Prep.	1,901,000	0	0	0	0.00
121	Parking	204,130	0	0	0	0.00
200	CNEA GM Office	432,728	88,038	76,692	11,346	12.89
202	Agriculture	1,414,850	13,600	12,468	1,132	8.33
203	Entertainment	1,082,175	31,032	30,840	192	0.62
204	Attractions	459,211	0	0	0	0.00
205	Sports	393,635	100	112	(12)	(11.89)
206	Program Management	344,048	84,260	79,377	4,883	5.79
208	Concessions	1,143,909	64,584	67,670	(3,086)	(4.78)
209	Casino	2,567,087	121,000	128,457	(7,457)	(6.16)
210	Marketing	2,105,666	212,011	204,342	7,669	3.62
211	Air Show	425,000	90,000	90,000	0	0.00
212	Special Features	986,840	0	0	0	0.00
213	Community Heritage	170,963	5,665	5,318	347	6.12
305	Utilities	432,858	0	0	0	0.00
307	Cleaning Services	410,772	0	0	0	0.00
310	Grounds Maintenance	362,270	550	517	33	5.93
317	Client Services	361,881	3,000	3,021	(21)	(0.70)
318	Building Rentals	826,231	35,279	34,025	1,254	3.56
332	Rentals & Tech. Services	44,444	0	0	0	0.00
530	NTC Operations	460,450	0	0	0	0.00

TOTAL	20,013,232	876,519	842,383	34,136	3.89
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Schedule 7

