



July 16, 2004

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Variance Report – Period Ending June 30, 2004

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.

Discussion:

This report, together with the appended consolidated variance analyses (Schedules 1-7) for the six-month period ending June 30, 2004, is the second of three reports that will be submitted to the Board during 2004. A further consolidated variance report will be submitted to the Board for the period ending September 30, 2004.

The year 2004 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 June 30, 2004 reflects a favourable variance of \$395,875 as indicated on Schedule 1. This variance reflects the combined activities of the National Trade Centre Program, Exhibition Place Program and the CNEA Program. This positive variance should be interpreted as a preliminary indication of results for the first six months of the year as opposed to a prediction of the year-end results. The six-month performance of the CNEA (\$209,961) is a main driver for this favourable bottom-line position.

The National Trade Centre Program

The operating results for the period ending June 30, 2004, reflects an unfavourable variance of \$4,184 or 0.29%. Basically the NTC is tracking on budget for the first six months of the year.

With respect to revenues, both rental income (unfavourable by \$133,588) and food and beverages income (unfavourable by \$122,132) is below budget targets but improvement in both of these areas is expected for the second half of the year. Advertising and sponsorship income is also under budget at this point (by \$30,950) but this is a timing issue and more income is anticipated for future periods of 2004.

As was the case in the first quarter, expenditures have been carefully managed and there is positive variance to budget for the first six months of the year particularly in cleaning/show services and the operations area. In addition a permanent savings for the year in the finance area has been achieved by the staged approach used to fill vacant staff positions.

Many of the staff at the NTC had a very heavy workload in addressing both their customary responsibilities and also the issues associated with the Ricoh Coliseum. In spite of this challenge they have kept focused on the operations of the NTC and ensured its profitable performance for the first six months of this year (\$1,440,928).

Exhibition Place Program

The Exhibition Place program has a six-month performance that is favourable to budget by \$190,098 or 7.10%. Although revenues and expenses are both significantly lower than budget expectations, the overall net income position is on target.

Parking revenues are tracking under budget and most of this shortfall is due to lower revenues than anticipated for the Ricoh Coliseum. If the revenue variance is netted against the expenditure variances, then the bottom-line position for parking for the first six months of the year is a negative variance of \$133,911 or approximately 3.7% of the annual net budget for parking operations.

There has been adjustment of budget format for the Operations Division beginning with this variance report. The following two budget sections have been divided to provide for better management oversight and more focused management reporting:

Former Budget Format

Electrical and Mechanical Section

Rentals & Technical Services

New Budget Format

Electrical Services
Mechanical Maintenance
(Plumbing and HVAC)

IATSE
Creative Services & Sign Shop

The trades in the Exhibition Place program are all exceeding their budget targets for the first six months of 2004:

<u>Trade</u>	<u>Net Positive Variance</u>
Cleaning	\$ 8,145
Labour	7,474
Physical Plant Maintenance	65,371
Electrical Services	111,051
Mechanical Maintenance	125,251
IATSE	32,580
Creative Services & Sign Shop	20,466
Total	\$ 370,338

However in the case of some of these trades, this positive variance could be mainly a timing issue. Many trades workers have been assigned to show and event work instead of the scheduled maintenance work on the buildings which has been postponed to a later time period in the year.

Third party revenues and expenses are both under budget but the net position is meeting budget expectations for the first six months of the year. The net income for the year will grow as the major events of the summer such as CHIN Picnic and the Molson Indy are issued their invoices for third party services.

Utilities are showing a minor negative variance (\$47,214) up to June 30, 2004 as the unit cost for electricity is higher than anticipated when the budget was prepared last fall. It is expected that that overall cost for utilities for Exhibition Place will be close to budget for the full twelve-month period in 2004.

In summary the Exhibition Place program to this point in the year appears to be tracking near budget projections.

Canadian National Exhibition Association

The budget for the period ending June 30, 2004 reflects a favourable variance of \$209,961. This positive variance is the result of expenditures being less than budget forecast by \$104,083 and revenues exceeding the budget projection by \$105,878. As was the case in first variance report of the year, advance payments for building rentals at the Food Building and other locations are being booked ahead of the timing anticipated in the budget documents.

The CNEA 2004 budget income target is set at \$650,000 and the final variance report that covers the period to September 30, 2004 should give detailed management reporting on the 2004 fair especially as it pertains to the revenue levels achieved.

Conclusion:

This report provides the variance analysis for the first six months of 2004 for the National Trade Centre Program, Exhibition Place Program and the CNEA Program.

Contact:

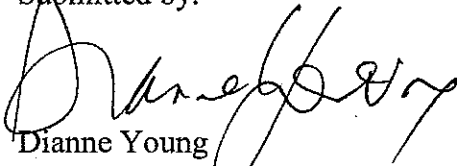
Paul Egli, Director of Finance

Telephone: 416 263-3612

Fax: 416 263-3690

e-mail: PEgli@Explace.on.ca

Submitted by:



Dianne Young
General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2004**

	<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	13,152,634	7,835,260	7,275,161	(560,099)	(7.15)
- EXPENSES	11,899,454	6,390,148	5,834,233	555,915	8.70
- SUB-TOTAL	1,253,180	1,445,112	1,440,928	(4,184)	(0.29)
EXHIBITION PLACE					
- REVENUES	10,919,544	4,843,544	3,991,471	(852,073)	(17.59)
- EXPENSES	12,573,124	7,522,632	6,480,461	1,042,171	13.85
- SUB-TOTAL	(1,653,580)	(2,679,088)	(2,488,990)	190,098	7.10
CNEA					
- REVENUES	18,081,897	2,707,340	2,813,218	105,878	3.91
- EXPENSES	17,431,897	1,838,635	1,734,552	104,083	5.66
- SUB-TOTAL	650,000	868,705	1,078,666	209,961	24.17
CONSOLIDATED					
- REVENUES	42,154,075	15,386,144	14,079,850	(1,306,294)	(8.49)
- EXPENSES	41,904,475	15,751,415	14,049,246	1,702,169	10.81
TOTAL	249,600	(365,271)	30,604	395,875	108.38

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2004

	<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	6,632,351	4,004,122	3,870,534	(133,588)	(3.34)
Electrical Services	771,126	426,231	335,869	(90,362)	(21.20)
Food & Beverage	1,204,500	817,165	695,033	(122,132)	(14.95)
Third Party Billings	3,230,456	1,771,547	1,484,365	(287,182)	(16.21)
Advertising	450,000	204,941	173,991	(30,950)	(15.10)
Other Income	137,100	39,000	99,841	60,841	156.00
Management Fee Income-CRC	226,125	316,002	316,002	0	0.00
Official Supplier & Bus.Centre	85,800	71,505	80,402	8,897	12.44
Telecommunications	415,176	184,747	219,124	34,377	18.61
TOTAL	13,152,634	7,835,260	7,275,161	(560,099)	(7.15)

THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2004

<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	2,492,198	1,334,606	1,136,161	198,445	14.87
Telecommunications	445,408	223,706	267,284	(43,578)	(19.48)
Advertising & Sponsorship	111,000	55,500	47,550	7,950	14.32
Direct Operating Costs/PMD	5,154,529	2,721,312	2,664,224	57,088	2.10
Operations Dept.	905,612	456,606	330,407	126,199	27.64
Event Services Dept.	1,302,990	650,350	630,663	19,687	3.03
Executive Dept.	581,619	294,872	264,160	30,712	10.42
Finance Dept.	1,099,885	545,952	483,468	62,484	11.44
Depreciation - Equipment	58,000	28,998	13,070	15,928	54.93
Marketing Dept.	812,158	406,092	343,163	62,929	15.50
Management Fees	388,995	194,498	191,719	2,779	1.43
 <u>RECOVERIES</u>					
Telecommunications	69,000	0	0	0	0.00
CNE Direct Operating Costs	(431,159)	0	0	0	0.00
Event Services Dept.	(104,900)	(27,450)	(27,450)	0	0.00
Servomation	(106,881)	(55,394)	(42,501)	(12,893)	(23.28)
Coliseum Arena Recovery	(879,000)	(439,500)	(467,685)	28,185	6.41
 TOTAL	 11,899,454	 6,390,148	 5,834,233	 555,915	 8.70

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2004**

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	5,424,860	2,639,281	2,185,499	(453,782)	(17.19)
116	Accounting Revenue	1,189,748	369,052	379,445	10,393	2.82
117	Overhead Admin. Support	890,000	0	0	0	0.00
118	Overhead Site Prep.	1,884,000	0	0	0	0.00
201	Sales Revenue	1,720,797	814,411	778,748	(35,663)	(4.38)
202	Advertising/Signage	417,409	154,609	142,000	(12,609)	(8.16)
306	Cleaning Recoveries	50,000	25,000	15,517	(9,483)	(37.93)
313	Third Party	2,116,730	841,191	490,263	(350,928)	(41.72)
	CNEA Recoveries	(2,774,000)				
	TOTAL	10,919,544	4,843,544	3,991,471	(852,073)	(17.59)

July 19, 2004

Schedule 4

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2004**

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	349,989	186,249	172,718	13,531	7.26
101	Board of Governors	52,500	22,975	20,486	2,489	10.83
103	Corporate Secretary	355,491	162,869	155,523	7,347	4.51
104	Archives & Com. Records	147,328	70,769	70,912	(143)	(0.20)
105	Corporate & Statutory Exp.	1,053,000	494,322	473,341	20,981	4.24
106	Purchasing & Stores	169,761	79,014	73,873	5,141	6.51
107	Human Resources	428,121	216,002	227,746	(11,744)	(5.44)
108	Parking and Traffic	1,830,879	930,033	610,162	319,871	34.39
116	Accounting	1,233,914	532,975	557,301	(24,326)	(4.56)
160	Information & Technology	248,776	146,741	139,604	7,137	4.86
201	Sales Expenses	351,050	146,052	170,870	(24,818)	(16.99)
301	Maintenance Administration	961,790	465,080	433,239	31,841	6.85
302	Grounds Maintenance	65,000	500	486	14	2.78
305	Utilities	748,456	468,394	515,608	(47,214)	(10.08)
306	Cleaning Services	470,224	282,407	274,262	8,145	2.88
308	Special Appropriations	341,100	0	0	0	0.00
313	Third Party Billings	1,770,000	885,000	518,135	366,865	41.45
316	Labour	538,719	247,209	239,735	7,474	3.02
320	Physical Plant Maintenance	1,339,985	534,935	469,564	65,371	12.22
321	Electrical Services	843,860	541,200	430,149	111,051	20.52
322	Mechanical Maintenance	1,169,442	512,098	386,847	125,251	24.46
323	Engineering	63,270	155,263	146,734	8,529	5.49
330	IATSE	136,528	82,855	50,275	32,580	39.32
334	Creative Serv. & Sign Shop	34,132	39,450	18,984	20,466	51.88
500	Security	643,809	320,240	323,908	(3,668)	(1.15)
	CNEA Recoveries	(2,774,000)				
TOTAL		12,573,124	7,522,632	6,480,461	1,042,171	13.85

July 19, 2004

Schedule 5

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2004

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	6,862,097	0	0	0	0.00
121	Parking	1,197,000	0	0	0	0.00
202	Agriculture	86,300	19,740	21,880	2,140	10.84
205	Sports	10,000	0	0	0	0.00
208	Concessions	4,300,000	747,000	772,799	25,799	3.45
209	Casino	2,606,000	0	0	0	0.00
210	Marketing	700,000	0	0	0	0.00
305	Utilities	66,500	10,000	9,427	(573)	(5.73)
317	Client Services	109,000	100	119	19	19.05
318	Building Rentals	2,145,000	1,930,500	2,008,993	78,493	4.07
TOTAL		18,081,897	2,707,340	2,813,218	105,878	3.91

July 14, 2004

Schedule 6

CANADIAN NATIONAL EXHIBITION ASSOCIATION

VARIANCE ANALYSIS

FOR THE PERIOD ENDING JUNE 30, 2004

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>
10- 102	CNEA	71,000	14,050	13,078	972	6.92
103	Corporate Secretary	67,300	2,400	2,220	180	7.51
105	Corporate & Statutory Exp.	344,800	117,585	76,492	41,093	34.95
107	Human Resources	26,550	5,798	4,692	1,106	19.08
109	Grounds and Traffic	92,480	0	0	0	0.00
111	Telecommunications	47,000	9,640	9,467	173	1.79
112	Admission	1,011,878	5,500	5,352	148	2.68
113	Admission Gates	446,000	7,800	7,092	708	9.08
117	Overhead Admin. Support	890,000	0	0	0	0.00
118	Overhead - Site Prep.	1,884,000	0	0	0	0.00
121	Parking	156,600	0	0	0	0.00
200	CNEA GM Office	425,021	173,848	158,190	15,658	9.01
202	Agriculture	1,119,680	98,740	96,529	2,211	2.24
203	Entertainment	1,055,700	91,775	89,064	2,711	2.95
204	Attractions	455,040	11,968	11,274	694	5.80
205	Sports	379,015	25,072	24,160	912	3.64
206	Program Management	302,658	128,123	134,850	(6,727)	(5.25)
208	Concessions	966,134	126,395	111,581	14,814	11.72
209	Casino	1,753,000	187,595	181,633	5,962	3.18
210	Marketing	1,925,390	421,322	414,293	7,029	1.67
211	Air Show	415,000	180,000	180,000	0	0.00
212	Special Features	671,839	110,000	107,158	2,842	2.58
213	Community Heritage	146,450	14,571	9,759	4,812	33.03
305	Utilities	420,250	0	0	0	0.00
307	Cleaning Services	404,400	0	0	0	0.00
310	Grounds Maintenance	325,000	10,000	10,280	(280)	(2.80)
317	Client Services	352,860	23,862	26,978	(3,116)	(13.06)
318	Building Rentals	798,202	72,591	60,409	12,182	16.78
332	Rentals & Tech. Services	46,150	0	0	0	0.00
530	NTC Operations	432,500	0	0	0	0.00
TOTAL		17,431,897	1,838,635	1,734,552	104,083	5.66

July 14, 2004

Schedule 7

