

EXHIBITION PLACE

October 15, 2004

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Variance Report – Period Ending September 30, 2004**

Purpose:

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

Financial Implications and 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.

Comments:

This report, together with the appended consolidated variance analyses (Schedules 1-7) for the nine-month period ending September 30, 2004, is the third and last of the three reports that are submitted to the Board during 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 5 % during the last quarter of the year.

Consolidated Position for All Programs

The consolidated financial position of Exhibition Place for the period ending September 30, 2004 reflects a favourable variance of \$1,834 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

The operating results for the period ending September 30, 2004, reflects an unfavourable variance of \$199,311 or 38.13%. An important contributing factor to this negative variance is the financial adjustment following the change in circumstances for the Ricoh Coliseum. Most of the major revenues are below budget for the first nine months of the year but an improvement is anticipated in these areas with the upcoming busy fall show season.

	<u>Variance</u>
Rental Income	(\$191,267)
Electrical Services	(\$104,239)
Food & Beverage	(\$140,969)
Third Party Services	(\$345,638)

As was reported in the June variance report, expenditures have been carefully managed and there is a significant positive variance to budget for the first nine months of the year particularly in cleaning/show services and the operations area. In total the expenditure savings and the lower level of show services have resulted in a positive variance to the expenditure budget of \$759,066.

There has been successful results in achieving new business for the National Trade Centre and for the year 2004 to date there have been 37 new events held. However, the year 2004 has proven to be a challenging one and it is anticipated that the final results will show an approximate \$200,000 shortfall compared to budgeted net income of \$1,253,180.

Exhibition Place Program

The Exhibition Place program has a nine-month performance that is unfavourable to budget by \$308,777 or 23.01 %.

Parking revenues are tracking under budget (\$359,351 on a net basis) and a significant percentage of this shortfall is due to lower revenues than anticipated for the Ricoh Coliseum, Ontario Place events and new trade and consumer show business. Of the total net shortfall for parking income for the first nine months of the year, approximately \$166,000 or 46 % is related to the lower level of activity for the Ricoh Coliseum. Again, it is expected that there will be an improvement in net results by the end of this year with the fall show season.

Another area that the Exhibition Place program is experiencing budget pressure is the cost of utilities and especially for electricity. Exhibition Place has higher electric power costs than were anticipated in the 2004 budget and these two uncontrollable factors are contributing to this situation:

- The provincially mandated rebate is lower in 2004 than in 2003

- For the first part of 2004, most of the participants in the City of Toronto electric supply contract benefited from a provincially legislated price cap. It was determined that the legislated price cap did not apply to municipal agencies (such as the TTC, the Toronto Zoo and Exhibition Place)

There have been significant expenditure savings in the Exhibition place program of \$956,118 as can be seen from Schedule 5. Lower spending by the trades in the Exhibition Place program represent \$421,000 or 44 % of this expenditure savings.

Third party billings are showing a net negative variance of \$47,999 to September 30, 2004 but this position should improve when all of the events and shows are billed to clients. Accounting Revenues is showing a negative variance of \$115,000 which is related to the decrease in labour services used by the NTC and the 12.0% administration fee paid on those services which is recorded in the Account Revenues account.

While the Exhibition Place program to September is indicating a significant negative variance this shortfall is being addressed by aggressive cost containment measures implemented.

Canadian National Exhibition Association

The operating results for the period ending September 30, 2004 reflects a favourable variance of \$509,922. Revenue performance for the 2004 CNE was very strong as can be seen from the summary below:

Positive Budget Variance

Parking	\$ 153,000
Concessions (incl. Rides)	\$ 16,001
Casino Operations	\$ 316,561
Building Rentals	\$ 278,303

The Fair was well attended and implementation of an electronic ticket scanning system administered by Canada's Conklin Shows assisted CNE management in obtaining accurate, timely and complete information on daily admissions.

There are a number of steps that have to be taken before the final results of the 2004 CNE are known. Settlements with Ontario Place, Conklins, advance and group sale partners need to be completed and the total costs of services provided by external parties and on internal work orders to the skilled trades have to be finalized. However, even though all the costs are not known at this time, it appears that the final profit amount for the 2004 CNE will exceed the budget target of \$650,000 of income.

Conclusion:

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

Contact:

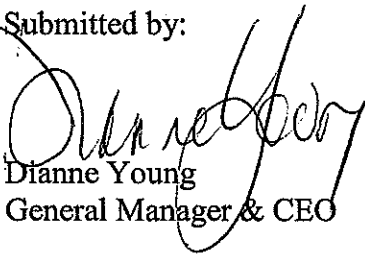
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Submitted by:



Dianne Young
General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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	8,923,925	7,965,548	(958,377)	(10.74)
- EXPENSES	11,899,454	8,401,224	7,642,158	759,066	9.04
- SUB-TOTAL	1,253,180	522,701	323,390	(199,311)	(38.13)
EXHIBITION PLACE					
- REVENUES	10,919,544	7,874,502	6,609,608	(1,264,894)	(16.06)
- EXPENSES	12,573,124	9,216,308	8,260,190	956,118	10.37
- SUB-TOTAL	(1,653,580)	(1,341,806)	(1,650,583)	(308,777)	(23.01)
CNEA					
- REVENUES	18,081,897	17,531,407	18,180,159	648,752	3.70
- EXPENSES	17,431,897	13,473,007	13,611,837	(138,830)	(1.03)
- SUB-TOTAL	650,000	4,058,400	4,568,322	509,922	12.56
CONSOLIDATED					
- REVENUES	42,154,075	34,329,834	32,755,315	(1,574,519)	(4.59)
- EXPENSES	41,904,475	31,090,539	29,514,186	1,576,353	5.07
TOTAL	249,600	3,239,295	3,241,129	1,834	0.06

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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>
<u>REVENUES</u>					
Rental Income	6,223,316	4,282,288	4,091,021	(191,267)	(4.47)
Electrical Services	771,126	485,634	381,395	(104,239)	(21.46)
Food & Beverage	1,204,500	890,750	749,781	(140,969)	(15.83)
Third Party Billings	3,230,456	2,014,948	1,669,310	(345,638)	(17.15)
Advertising	450,000	328,188	191,732	(136,456)	(41.58)
Other Income	137,100	59,600	100,583	40,983	68.76
Official Supplier & Bus.Centre	85,800	92,302	106,205	13,903	15.06
Telecommunications	415,176	296,212	303,029	6,817	2.30
Ricoh Rental - Grounds Lease	409,035	305,253	271,336	(33,917)	(11.11)
Ricoh Events - net	0	0	(48,844)	(48,844)	0.00
Management Fee Income-CRC	226,125	168,750	150,000	(18,750)	(11.11)
TOTAL	13,152,634	8,923,925	7,965,548	(958,377)	(10.74)

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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	1,511,012	1,236,622	274,390	18.16
Telecommunications	445,408	334,934	344,350	(9,416)	(2.81)
Advertising & Sponsorship	111,000	83,250	72,241	11,009	13.22
Direct Operating Costs/PMD	5,154,529	3,804,812	3,622,323	182,489	4.80
Operations Dept.	905,612	681,659	513,445	168,214	24.68
Event Services Dept.	1,302,990	981,250	923,983	57,267	5.84
Executive Dept.	581,619	438,533	389,589	48,944	11.16
Finance Dept.	1,099,885	813,128	750,068	63,060	7.76
Depreciation - Equipment	58,000	43,497	20,359	23,138	53.19
Marketing Dept.	812,158	609,138	556,653	52,485	8.62
Management Fees	388,995	291,747	293,621	(1,874)	(0.64)
 <u>RECOVERIES</u>					
Telecommunications	69,000	69,000	69,000	0	0.00
CNE Direct Operating Costs	(431,159)	(431,159)	(396,228)	(34,931)	(8.10)
Utility Recovery	(50,000)	(50,000)	(24,933)	(25,067)	(50.13)
Event Services Dept.	(54,900)	(41,175)	(41,175)	0	0.00
Servomation	(106,881)	(79,152)	(59,194)	(19,958)	(25.21)
Ricoh Recovery-NTC salary alloc.	(879,000)	(659,250)	(628,566)	(30,684)	(4.65)
 TOTAL	 11,899,454	 8,401,224	 7,642,158	 759,066	 9.04

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Schedule 3

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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>
50- 108	Parking and Traffic Revenue	5,424,860	3,582,827	2,763,931	(818,896)	(22.86)
116	Accounting Revenue	1,189,748	893,708	778,179	(115,529)	(12.93)
117	Overhead Admin. Support	890,000	890,000	890,000	0	0.00
118	Overhead Site Prep.	1,884,000	1,884,000	1,884,000	0	0.00
201	Sales Revenue	1,720,797	1,397,558	1,329,720	(67,838)	(4.85)
202	Advertising/Signage	417,409	237,409	208,667	(28,742)	(12.11)
306	Cleaning Recoveries	50,000	40,000	33,843	(6,157)	(15.39)
313	Third Party	2,116,730	1,723,000	1,495,268	(227,732)	(13.22)
	CNEA Recoveries	(2,774,000)	(2,774,000)	(2,774,000)		
	TOTAL	10,919,544	7,874,502	6,609,608	(1,264,894)	(16.06)

October 16, 2004

Schedule 4

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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	282,092	253,830	28,262	10.02
101	Board of Governors	52,500	46,325	36,311	10,014	21.62
103	Corporate Secretary	355,491	249,047	231,351	17,696	7.11
104	Archives & Com. Records	147,328	110,256	107,546	2,710	2.46
105	Corporate & Statutory Exp.	1,053,000	653,213	655,231	(2,018)	(0.31)
106	Purchasing & Stores	169,761	124,538	123,234	1,304	1.05
107	Human Resources	428,121	322,187	322,676	(489)	(0.15)
108	Parking and Traffic	1,830,879	1,293,752	834,207	459,545	35.52
116	Accounting	1,233,914	944,061	969,667	(25,606)	(2.71)
160	Information & Technology	248,776	211,779	206,902	4,877	2.30
201	Sales Expenses	351,050	248,890	269,178	(20,288)	(8.15)
301	Maintenance Administration	961,790	714,960	687,663	27,297	3.82
302	Grounds Maintenance	65,000	51,750	51,422	328	0.63
305	Utilities	748,456	400,000	537,597	(137,597)	(34.40)
306	Cleaning Services	470,224	560,971	601,262	(40,291)	(7.18)
308	Special Appropriations	341,100	0	0	0	0.00
313	Third Party Billings	1,770,000	1,435,000	1,255,267	179,733	12.52
316	Labour	538,719	403,140	428,645	(25,505)	(6.33)
320	Plant	1,339,985	1,243,437	983,848	259,589	20.88
321	Electrical Maintenance	843,860	805,354	722,977	82,377	10.23
322	Mechanical Maintenance	1,169,442	994,246	768,518	225,728	22.70
323	Engineering	63,270	246,071	242,405	3,666	1.49
330	IATSE	136,528	114,664	187,174	(72,510)	(63.24)
334	Creative Serv. & Sign Shop	34,132	25,957	33,435	(7,478)	(28.81)
500	Security	643,809	508,618	523,844	(15,226)	(2.99)
	CNEA Recoveries	(2,774,000)	(2,774,000)	(2,774,000)		
TOTAL		12,573,124	9,216,308	8,260,190	956,118	10.37

October 16, 2004

Schedule 5

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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>
10- 112	Admission	6,862,097	6,705,857	6,628,928	(76,929)	(1.15)
121	Parking	1,197,000	1,197,000	1,350,000	153,000	12.78
202	Agriculture	86,300	48,300	43,893	(4,407)	(9.12)
205	Sports	10,000	0	0	0	0.00
208	Concessions	4,300,000	4,061,250	4,077,251	16,001	0.39
209	Casino	2,606,000	2,606,000	2,922,561	316,561	12.15
210	Marketing	700,000	700,000	677,593	(22,407)	(3.20)
305	Utilities	66,500	66,500	56,512	(9,988)	(15.02)
317	Client Services	109,000	1,500	119	(1,381)	(92.06)
318	Building Rentals	2,145,000	2,145,000	2,423,303	278,303	12.97
TOTAL		18,081,897	17,531,407	18,180,159	648,752	3.70

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

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	71,000	61,060	76,515	(15,455)	(25.31)
103	Corporate Secretary	67,300	26,640	11,722	14,918	56.00
105	Corporate & Statutory Exp.	344,800	225,390	223,737	1,653	0.73
107	Human Resources	26,550	26,550	27,345	(795)	(2.99)
109	Grounds and Traffic	92,480	92,480	109,722	(17,242)	(18.64)
111	Telecommunications	47,000	42,300	28,739	13,561	32.06
112	Admission	1,011,878	332,500	333,652	(1,152)	(0.35)
113	Admission Gates	446,000	382,800	403,341	(20,541)	(5.37)
117	Overhead Admin. Support	890,000	890,000	890,000	0	0.00
118	Overhead - Site Prep.	1,884,000	1,884,000	1,884,000	0	0.00
121	Parking	156,600	135,600	148,162	(12,562)	(9.26)
200	CNEA GM Office	425,021	288,033	276,840	11,193	3.89
202	Agriculture	1,119,680	971,646	967,483	4,163	0.43
203	Entertainment	1,055,700	878,484	868,751	9,733	1.11
204	Attractions	455,040	355,040	349,269	5,771	1.63
205	Sports	379,015	230,184	222,334	7,850	3.41
206	Program Management	302,658	226,065	231,448	(5,383)	(2.38)
208	Concessions	966,134	632,994	632,348	646	0.10
209	Casino	1,753,000	1,585,435	1,553,481	31,954	2.02
210	Marketing	1,925,390	1,055,085	1,301,898	(246,813)	(23.39)
211	Air Show	415,000	415,000	415,000	0	0.00
212	Special Features	671,839	551,839	546,894	4,945	0.90
213	Community Heritage	146,450	145,390	130,492	14,898	10.25
305	Utilities	420,250	420,250	410,000	10,250	2.44
307	Cleaning Services	404,400	352,400	362,087	(9,687)	(2.75)
310	Grounds Maintenance	325,000	225,000	225,777	(777)	(0.35)
317	Client Services	352,860	243,510	226,152	17,358	7.13
318	Building Rentals	798,202	360,682	356,950	3,732	1.03
332	Rentals & Tech. Services	46,150	4,150	1,470	2,680	64.58
530	NTC Operations	432,500	432,500	396,228	36,272	8.39
TOTAL		17,431,897	13,473,007	13,611,837	(138,830)	(1.03)

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Schedule 7

