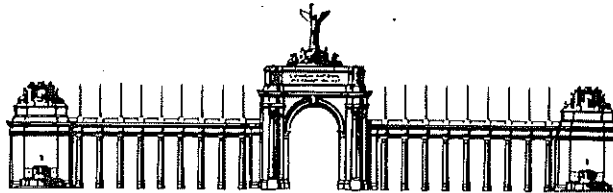


May 16, 2003



5

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Variance Report – Period Ending April 30, 2003

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 four-month period ending April 30, 2003, is the first of three reports that will be submitted to the Board during 2003. Further consolidated variance reports will be submitted to the Board for the periods ending June 30 and September 30, 2003. The analysis put forward in this report does not deal with line by line variances but rather focuses on the major issues, programs and related financial variables during the first four months of 2003. The appended schedules identify, on an individual activity/program basis, year-to-date variances by dollar value and percentage.

The year 2003 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, 2003 reflects an unfavourable variance of \$453,531 as indicated on Schedule 1. This variance reflects the combined activities of the National Trade Centre, the Exhibition Place Program and the CNEA Program.

The National Trade Centre Program

The operating results for the period ending April 30, 2003, reflects an unfavourable variance of \$525,783 or 28.09%.

Most revenue streams are lower than the anticipated budget with rental, electrical, food and beverage and third party generating approximately \$525,000, in aggregate, less than budget expectations. There has been a reduced demand for electrical services and food and beverage income has been lower because of reduced corporate events.

An important factor contributing to the negative variance is the impact SARS has had on the cancellation and postponement of events as well as the difficulty in securing new clients and events. The public apprehension over the SARS situation in Toronto contributed to lower attendance at events which impacted food and beverage sales.

Other factors that had an impact on the National Trade Centre's financial position in a negative way were the Local 506 strike and the fact that budgeted revenues associated with Coliseum project will not be realized and recorded as income until the opening of the building in November of this year.

While it is still early in the year, it is difficult to predict if the National Trade Centre can recover fully from the impact of SARS.

Exhibition Place Program

The budget for the period ending April 30, 2003 reflects a favourable variance of \$5,497 or 0.38%.

Many of the same negative factors that have affected the financial performance of the National Trade Centre have also had an impact on parking revenues and these are \$275,786 or 16.80% lower than the budget forecast.

The trades, in aggregate, are exceeding their financial performance targets. In particular the electrical and mechanical section is showing a positive variance to budget of \$145,000 as staff have had a heavy volume of recoverable work and are also assisting in the completion of certain capital projects.

The Corporate and Statutory expense account is showing a negative variance of \$10,707 and most of that is due to higher than anticipated Workers Safety and Insurance Board (WSIB) expenses experienced during the early part of the year relating to accidents in 2002.

Utilities could also be a cause for concern in the fiscal year 2003. Because of the cold temperatures in the early part of the year, natural gas costs have exceeded budget and also we have been informed that the provincially legislated price cap of \$0.043/kWh will not apply to municipal agencies such as Exhibition Place. The previously negotiated price with Toronto Hydro of approximately \$0.051/kWh will apply to Exhibition Place during 2003. This is a budget pressure for 2003 because during the operating budget review by Council, all City agencies, boards, commissions and departments were requested to reduce hydro expenditures given the Provincial announcement. On a consolidated basis, Exhibition Place decreased its hydro budget line by \$100,000.00 with the understanding that the lower unit cost would apply.

Given the recent decision provided by City Legal, the Director of Finance will be contacting Budget Services staff at the City to seek some budget relief concerning this issue.

In summary, the Exhibition Place program to this point in the year has been able to cope with various negative factors and maintain its bottom line budget performance although management has implemented cost reduction strategies for the remainder of the year.

Canadian National Exhibition Association

The budget for the period ending April 30, 2003 reflects a favourable variance of \$66,755.

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.

On the expenditure side various areas (such as agriculture, entertainment and marketing) are indicating positive variances. However these positive variances should not be given too much significance because, at this early point in the CNEA cycle, it is difficult to predict in which month particular expenditures will be taking place as many of them result from negotiations and discussions with third parties.

In summary, the CNEA is in a very early phase, and any variances that are indicated result more from timing differences rather than from anticipated permanent increases or decreases in income or expenses.

Conclusion:

This report provides the variance analysis for the first four months of 2003 for the National Trade Centre, the Exhibition Place Program and the CNEA Program.

Contact:

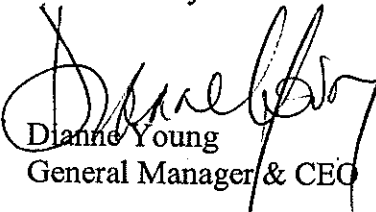
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Submitted by:


Dianne Young
General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2003**

	<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	13,999,428	6,341,744	5,839,544	(502,200)	(7.92)
- EXPENSES	12,021,262	4,470,240	4,493,823	(23,583)	(0.53)
- SUB-TOTAL	1,978,166	1,871,504	1,345,721	(525,783)	(28.09)
EXHIBITION PLACE					
- REVENUES	16,525,976	4,838,921	4,015,597	(823,324)	(17.01)
- EXPENSES	18,189,274	6,295,471	5,466,650	828,821	13.17
- SUB-TOTAL	(1,663,298)	(1,456,550)	(1,451,053)	5,497	0.38
CNEA					
- REVENUES	17,111,162	468,100	437,506	(30,594)	(6.54)
- EXPENSES	16,965,862	737,962	640,613	97,349	13.19
- SUB-TOTAL	145,300	(269,862)	(203,107)	66,755	24.74
CONSOLIDATED					
- REVENUES	47,636,566	11,648,765	10,292,647	(1,356,118)	(11.64)
- EXPENSES	47,176,398	11,503,673	10,601,086	902,587	7.85
TOTAL	460,168	145,092	(308,439)	(453,531)	(312.58)

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2003**

<u>REVENUES</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>
Rental Income	7,125,833	3,490,612	3,208,308	(282,304)	(8.09)
Electrical Services	899,168	367,359	301,462	(65,897)	(17.94)
Food & Beverage	1,384,000	724,888	671,280	(53,608)	(7.40)
Third Party Billings	3,377,111	1,357,727	1,234,078	(123,649)	(9.11)
Advertising	400,000	148,288	133,719	(14,569)	(9.82)
Other Income	257,900	49,200	63,775	14,575	29.62
Official Supplier & Bus. Centre	118,000	57,728	52,219	(5,509)	(9.54)
Telecommunications	437,416	145,942	174,703	28,761	19.71
TOTAL	13,999,428	6,341,744	5,839,544	(502,200)	(7.92)

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2003**

<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	2,558,047	1,039,672	902,303	137,369	13.21
Telecommunications	422,171	141,720	156,678	(14,958)	(10.55)
Advertising & Sponsorship	96,000	30,000	36,533	(6,533)	(21.78)
Direct Operating Costs/PMD	5,091,975	1,946,375	1,992,583	(46,208)	(2.37)
Operations Dept.	654,440	220,712	211,516	9,196	4.17
Event Services Dept.	1,173,135	400,435	474,882	(74,447)	(18.59)
Executive Dept.	551,544	181,310	173,685	7,625	4.21
Finance Dept.	921,632	300,254	345,118	(44,864)	(14.94)
Depreciation - Equipment	57,563	19,188	19,246	(58)	(0.30)
Marketing Dept.	790,762	263,596	191,488	72,108	27.36
Management Fees	333,333	111,112	113,058	(1,946)	(1.75)
 <u>RECOVERIES</u>					
Telecommunications	69,000	0	0	0	0.00
CNE Direct Operating Costs	(418,169)	0	0	0	0.00
Event Services Dept.	(76,000)	(25,332)	(25,332)	0	0.00
Servomation	(97,986)	(39,666)	(97,935)	58,269	146.90
Coliseum Arena Recovery	(106,185)	(119,136)	0	(119,136)	(100.00)
 TOTAL	 12,021,262	 4,470,240	 4,493,823	 (23,583)	 (0.53)

May 16, 2003

Schedule 3

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2003**

REVENUES

MAJOR	SUB	ACCOUNT	ANNUAL BUDGET	YEAR TO DATE		VARIANCE	
				BUDGET	ACTUAL	\$	%
654	108	Parking and Traffic Revenue	4,295,000	1,641,963	1,366,177	(275,786)	(16.80)
	116	Accounting Revenue	1,068,440	153,101	188,827	35,726	23.33
	117	Overhead Admin. Support	801,000	0	0	0	0.00
	118	Overhead Site Prep.	1,930,000	0	0	0	0.00
	201	Sales Revenue	1,477,007	246,574	258,078	11,504	4.67
	202	Advertising/Signage	422,500	142,000	142,628	628	0.44
	306	Cleaning Recoveries	2,248,640	847,909	499,418	(348,491)	(41.10)
	313	Third Party	2,197,425	659,228	296,981	(362,246)	(54.95)
	316	Labour Recoveries	762,441	279,962	162,865	(117,097)	(41.83)
	320	Physical Plant Mnt. Recov.	609,378	136,303	155,112	18,809	13.80
	321	Electrical & Mech. Recov.	1,910,137	269,707	492,406	222,699	82.57
	330	Rentals/Tech.Serv. Recov.	1,535,008	462,175	453,105	(9,070)	(1.96)
		CNEA Recoveries	(2,731,000)				
TOTAL			16,525,976	4,838,921	4,015,597	(823,324)	(17.01)

May 16, 2003

Schedule 4

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2003**

EXPENSES

<u>MAJOR</u>	<u>SUB</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>
754	100	General Manager	325,576	104,191	86,820	17,371	16.67
	101	Board of Governors	52,500	10,125	4,334	5,791	57.20
	103	Corporate Secretary	344,503	100,032	97,424	2,608	2.61
	104	Archives & Com. Records	129,518	39,646	37,485	2,161	5.45
	105	Corporate & Statutory Exp.	1,027,273	333,547	344,254	(10,707)	(3.21)
	106	Purchasing & Stores	164,126	40,877	39,324	1,553	3.80
	107	Human Resources	137,545	27,551	28,413	(862)	(3.13)
	108	Parking and Traffic	989,072	371,342	278,092	93,250	25.11
	116	Accounting	1,174,144	481,850	492,430	(10,580)	(2.20)
	160	Systems	235,840	56,373	55,642	731	1.30
	201	Sales Expenses	269,639	53,023	40,184	12,839	24.21
	301	Maintenance Administration	929,294	279,369	280,751	(1,383)	(0.49)
	302	Grounds Maintenance	65,000	0	0	0	0.00
	303	Health and Safety	63,689	20,584	18,069	2,516	12.22
	304	Sports Hall of Fame	53,200	13,300	13,305	(5)	(0.04)
	305	Utilities	857,971	421,513	453,744	(32,231)	(7.65)
	306	Cleaning Services	2,644,798	955,353	624,409	330,944	34.64
	308	Special Appropriations	332,500	0	11,965	(11,965)	0.00
	313	Third Party Billings	1,796,250	538,875	250,441	288,434	53.53
	316	Labour	1,301,224	471,068	330,248	140,820	29.89
	320	Plant Maintenance	1,853,695	447,038	384,157	62,881	14.07
	321	Electrical & Mechanical	3,844,570	808,530	885,991	(77,461)	(9.58)
	323	Engineering	68,830	22,486	16,687	5,799	25.79
	330	Rentals & Tech. Services	1,731,026	517,694	532,321	(14,627)	(2.83)
	500	Security	528,491	181,104	160,160	20,945	11.56
		CNEA Recoveries	(2,731,000)				
TOTAL			18,189,274	6,295,471	5,466,650	828,821	13.17

May 16, 2003

Schedule 5

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2003**

REVENUES

<u>MAJOR</u>	<u>SUB</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>
617	112	Admission	6,444,412	0	0	0	0.00
	121	Parking	1,087,500	0	0	0	0.00
	202	Agriculture	84,000	0	0	0	0.00
	205	Sports	10,000	0	0	0	0.00
	208	Concessions	4,101,750	32,000	31,876	(124)	(0.39)
	209	Casino	2,546,000	0	0	0	0.00
	210	Marketing	675,000	57,500	64,000	6,500	11.30
	305	Utilities	63,500	0	0	0	0.00
	317	Client Services	109,000	0	0	0	0.00
	318	Building Rentals	1,990,000	378,600	341,630	(36,970)	(9.76)
TOTAL			17,111,162	468,100	437,506	(30,594)	(6.54)

May 16, 2003

Schedule 6

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2003**

EXPENSES

<u>MAJOR</u>	<u>SUB</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>
717	102	CNEA	69,000	9,710	5,999	3,711	38.22
	103	Corporate Secretary	27,300	240	280	(40)	(16.47)
	105	Corporate & Statutory Exp.	324,350	32,480	34,568	(2,088)	(6.43)
	107	Human Resources	29,550	0	0	0	0.00
	109	Grounds and Traffic	87,050	0	0	0	0.00
	111	Telecommunications	40,000	5,600	223	5,377	96.02
	112	Admission	992,143	0	0	0	0.00
	113	Admission Gates	369,500	2,160	2,745	(585)	(27.09)
	117	Overhead Admin. Support	801,000	0	0	0	0.00
	118	Overhead - Site Prep.	1,930,000	0	0	0	0.00
	121	Parking	146,500	0	0	0	0.00
	200	CNEA GM Office	417,918	121,186	125,552	(4,366)	(3.60)
	202	Agriculture	1,103,730	14,526	11,861	2,665	18.34
	203	Entertainment	1,032,100	23,246	20,232	3,014	12.97
	204	Attractions	562,380	32,780	38,505	(5,725)	(17.46)
	205	Sports	357,629	767	6	761	99.22
	206	Program Management	297,774	73,550	75,585	(2,035)	(2.77)
	208	Concessions	944,400	59,895	58,822	1,073	1.79
	209	Casino	1,743,000	68,760	72,892	(4,132)	(6.01)
	210	Marketing	1,932,850	158,025	144,580	13,445	8.51
	211	Air Show	415,000	87,150	0	87,150	100.00
	212	Special Features	805,000	0	0	0	0.00
	213	Community Heritage	123,625	4,607	5,289	(683)	(14.82)
	305	Utilities	290,000	0	0	0	0.00
	307	Cleaning Services	349,200	0	0	0	0.00
	310	Grounds Maintenance	275,600	0	0	0	0.00
	317	Client Services	321,610	0	0	0	0.00
	318	Building Rentals	713,400	43,280	43,475	(195)	(0.45)
	332	Rentals & Tech. Services	44,500	0	0	0	0.00
	530	NTC Operations	419,753	0	0	0	0.00
TOTAL			16,965,862	737,962	640,613	97,349	13.19

May 16, 2003

Schedule 7