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EXHIBITION PLACE

May 12, 1999

To: The Board of Governors of Exhibition Place

From: Robert Hicks
Director of Finance

Subject: **Variance Report – Period Ending April 30, 1999**

Recommendation:

This report is submitted for the information of the Board.

Background:

During 1998 a number of financial management controls were implemented to assist management staff with financial analysis for the activities which they are accountable and to ensure that approved funding levels were being adhered to and/or adjusted to ensure overall compliance.

In addition, at its meeting of June 19, 1998 the Board received a commitment from the General Manager that a consolidated variance analysis would be provided on a quarterly basis to make the Board aware of major financial issues evolving throughout the year and any remedial actions required/proposed.

Discussion:

The appended consolidated variance analyses (Schedules 1-7) for Exhibition Place for the period ending April 30, 1999, are the first of three such reports that will be submitted to the Board during 1999. Further consolidated variance reports will be submitted to the Board for the periods ending June 30 and September 30, 1999, which will coincide with variance reporting schedules for the City of Toronto.

The 1999 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. This structure is consistent with

standards established by the City of Toronto Finance Department and was recommended by the Metro Auditor in the 1997 Management Letter.

To assist staff in the variance analysis process the Finance Division of Exhibition Place will distribute financial reports on a monthly basis to each manager and will support analytical activities as required. In addition to the monthly reports, the majority of management staff has on-line access to the financial system and the capability to generate periodic information as required.

The analysis put forward in this report does not deal with line by line variances but rather focuses on the major issues and related financial variables during the first four months of 1999. The appended schedules identify, on an individual activity/program basis, year-to-date variances by dollar value and percentage. It must be noted that at this stage of the year what may appear to be a significant percentage variance may well become immaterial later in the year as the year-to-date budget expands. In addition, the potential for timing differences between budgeted and actual amounts is far greater given the compressed timeframe being reviewed. This has resulted in numerous minor variances throughout the accounts.

Analysis:

The consolidated financial position of Exhibition Place for the period ending April 30, 1999 reflects a favourable variance of \$90,040 or 4.5% as indicated on Schedule I.

The National Trade Centre:

The budget for the period ending April 30, 1999, reflects a favourable variance of \$18,517 or 0.9% as a result of lower than budgeted expenditures and revenues of \$187,725 and \$169,208 respectively.

Direct and indirect expenses are favourable to budget by \$256,402. Some of these savings are as a result of timing although operational savings have also been achieved through efficient scheduling of staff. Electrical income, net of cost of delivery of services, is \$441,729, an unfavourable variance of \$59,161. This variance resulted from efficiencies not yet being fully realized and less electrical orders from the Speedorama show than in previous years. However, electrical income compared to prior year to April 30 is higher by \$124,493. An improvement is expected in this area when the new Utility Supervisor is on staff.

Ancillary income, consisting of commissions from food and beverage, electrical, telecommunications revenue and interest was \$1,432,571 unfavourable to budget by \$156,582. Food and beverage commission is \$803,369 an unfavourable variance of \$92,007 resulting mainly from reduced attendance levels at The Spring Gift Show and Computerfest and the fact that few new, large catered events have been booked in the first four months of 1999.

Exhibition Place:

The budget for the period ending April 30, 1999 reflects a favourable variance of \$12,776 or 2.5% as a result of lower than budgeted expenditures and revenues of \$233,528 and \$220,752 respectively.

A number of issues have arisen during the initial period, the most significant being the shortfall in parking revenues of \$185,216 or 9% of budget. This percentage is very similar to the foodservice variance at the NTC and reflects lower attendance at some of the major shows. Staff are reviewing parking forecasts for the remainder of the year and identifying opportunities to generate additional revenues in order to reduce the shortfall.

Other activities experiencing variances relate to snow clearing which has exceeded budget by \$50,000; salaries within the maintenance and labour accounts which are underspent by \$150,000; and rentals and technical services which is overspent by \$43,437. With respect to the snow management issue staff are currently working on a snow removal plan for Exhibition Place and looking at savings in other areas to compensate for overexpenditures in snowplowing. Under-expenditures in maintenance and labour accounts were the result of delayed maintenance activities and a higher use of staff at the NTC because of show activities. This under-expenditure will modify with an enhanced-focus on maintenance activities during the summer and as preparations are made for the CNE in the next few months. The significant under-expenditure and revenue shortfall in accounting results primarily from delays to the receipt of interim tax bills.

Canadian National Exhibition:

The budget for the period ending April 30, 1999 reflects a favourable variance of \$58,747 or 17.3% as a result of lower than budgeted expenditures and marginally higher revenues of \$56,043 and \$2,704 respectively. The under-expenditure is primarily attributable to lower than estimated salaries and benefits in a number of accounts as a result of the decision to use contract staff as compared to the 1999 budget based on the former salary structures for permanent staff.

The financial period ending April 30th coincides with the completion of the programming plans for the CNE. As such, expenditures during this period in comparison to the total budget are relatively limited. While it can be difficult at times to predict timing of specific expenses, the results to date indicate that the CNEA staff is on target in all major categories.

As was done when the Operating Budget was amended to reflect programming details, specific variances of actuals to budget are noted on Schedules 6 and 7 attached. There are no significant difficulties to report at this time as the CNEA is substantially on target vis-à-vis the budget as approved.

Conclusion:

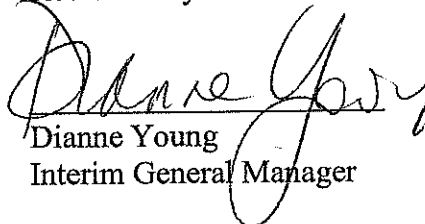
This report provides the initial variance analysis for 1999 activities of Exhibition Place, the National Trade Centre and the Canadian National Exhibition Association.

Submitted by:



Robert Hicks
Director of Finance

Reviewed by:


Dianne Young
Interim General Manager

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 1999**

	YEAR TO DATE		VARIANCE	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
NTC				
- EXPENSES	4,456,966	4,269,241	187,725	4.21
- REVENUES	6,608,243	6,439,035	(169,208)	(2.56)
- SUB-TOTAL	<u>(2,151,277)</u>	<u>(2,169,794)</u>	<u>18,517</u>	<u>0.86</u>
EXHIBITION PLACE				
- EXPENSES	3,274,302	3,040,774	233,528	7.13
- REVENUES	2,771,310	2,550,558	(220,752)	(7.97)
- SUB-TOTAL	<u>502,992</u>	<u>490,216</u>	<u>12,776</u>	<u>2.54</u>
CNEA				
- EXPENSES	518,769	462,726	56,043	10.80
- REVENUES	858,000	860,704	2,704	0.32
- SUB-TOTAL	<u>(339,231)</u>	<u>(397,978)</u>	<u>58,747</u>	<u>17.32</u>
CONSOLIDATED				
- EXPENSES	8,250,037	7,772,741	477,296	5.79
- REVENUES	10,237,553	9,850,297	(387,256)	(3.78)
TOTAL	<u>(1,987,516)</u>	<u>(2,077,556)</u>	<u>90,040</u>	<u>4.53</u>

NOTE: () INDICATES UNFAVOURABLE VARIANCE

	YEAR TO DATE		VARIANCE	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
<u>EXPENSES</u>				
Cleaning & Show Services	1,039,143	1,107,820	(68,677)	(6.61)
Telecommunications	79,220	96,558	(17,338)	(21.89)
Advertising & Sponsorship	53,362	34,796	18,566	34.79
Direct Operating Costs/PMD	1,606,693	1,588,542	18,151	1.13
Operations Dept.	582,760	421,693	161,067	27.64
Event Services Dept.	203,812	193,141	10,671	5.24
Executive Dept.	207,488	201,106	6,382	3.08
Finance Dept.	205,060	196,799	8,261	4.03
Marketing Dept.	304,024	253,509	50,515	16.62
Management Fees	218,104	213,276	4,828	2.21
 <u>RECOVERIES</u>				
Event Services Dept.	(10,700)	(1,500)	(9,200)	(85.98)
Servomation	(32,000)	(36,499)	4,499	14.06
 TOTAL	 4,456,966	 4,269,241	 187,725	 4.21

THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 1999

	YEAR TO DATE		VARIANCE	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
<u>REVENUES</u>				
Rental Income	3,517,839	3,497,536	(20,303)	(0.58)
Electrical Services	500,890	441,729	(59,161)	(11.81)
Food & Beverage	895,376	803,369	(92,007)	(10.28)
Third Party Billings	1,388,504	1,432,182	43,678	3.15
Advertising-NWI	112,747	76,746	(36,001)	(31.93)
Other Income	36,046	65,043	28,997	80.44
Official Supplier & Bus.Cntr.	20,000	10,000	(10,000)	(50.00)
Telecommunications	132,841	111,830	(21,011)	(15.82)
SMG Network	4,000	600	(3,400)	(85.00)
 TOTAL	 6,608,243	 6,439,035	 (169,208)	 (2.56)

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Schedule 3

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 1999**

EXPENSES

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
			<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
754	108	Parking and Traffic	339,166	346,146	(6,980)	(2.06)
	201	Sales Expenses	39,524	26,085	13,439	34.00
	313	Third Party Billings	75,000	69,419	5,581	7.44
	320	Plant Maintenance	392,857	403,942	(11,085)	(2.82)
	324	Safety Engineering	6,500	5,684	816	12.55
	100	General Manager	53,980	52,193	1,787	3.31
	101	Board of Governors	12,600	6,758	5,842	46.37
	103	Corporate Secretary	41,650	38,645	3,005	7.21
	104	Archives & Com. Records	32,792	31,890	902	2.75
	105	Finance & Administration	179,691	171,069	8,622	4.80
	106	Purchasing & Stores	50,270	47,385	2,885	5.74
	107	Human Resources	25,859	15,290	10,569	40.87
	110	Mail Room	38,047	19,905	18,142	47.68
	111	Telephone Services	36,875	43,791	(6,916)	(18.76)
	116	Accounting	248,974	142,231	106,743	42.87
	160	Systems	50,280	48,219	2,061	4.10
	301	Maintenance Administration	58,646	51,614	7,032	11.99
	302	Grounds Maintenance	2,800	6,374	(3,574)	(127.64)
	303	Health and Safety	13,783	15,724	(1,941)	(14.08)
	304	Miscellaneous	21,188	18,039	3,149	14.86
	305	Utilities	532,700	542,384	(9,684)	(1.82)
	306	Cleaning Services	173,230	145,107	28,123	16.23
	308	Special Appropriations	0	0	0	0.00
	316	Labour	257,006	218,018	38,988	15.17
	321	Electrical & Mechanical	301,204	236,972	64,232	21.33
	323	Engineering	79,269	79,701	(432)	(0.54)
	330	Rentals & Tech. Services	58,018	101,455	(43,437)	(74.87)
	500	Security	152,393	156,734	(4,341)	(2.85)
TOTAL			<u>3,274,302</u>	<u>3,040,774</u>	<u>233,528</u>	<u>7.13</u>

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Schedule 4

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 1999**

REVENUES

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
			<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
654	108	Parking and Traffic Revenue	2,050,008	1,864,792	(185,216)	(9.03)
	201	Sales Revenue	196,480	227,260	30,780	15.67
	202	Advertising/Signage	128,300	124,896	(3,404)	(2.65)
	313	Third Party	95,000	76,594	(18,406)	(19.37)
	116	Accounting Revenue	301,522	257,016	(44,506)	(14.76)
	305	Utilities Revenue	0	0	0	0.00
TOTAL			<u>2,771,310</u>	<u>2,550,558</u>	<u>(220,752)</u>	<u>(7.97)</u>

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Schedule 5

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 1999

EXPENSES

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
			<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
717	102	CNEA	12,290	8,745	3,545	28.84
	103	Corporate Secretary	266	346	(80)	(30.08)
	105	Finance and Administration	58,889	44,615	14,274	24.24
	107	Human Resources	0	0	0	0.00
	109	Grounds and Traffic	0	0	0	0.00
	111	Telephone	26,400	26,143	257	0.97
	112	Admission	0	(145)	145	0.00
	113	Admission Gates	0	0	0	0.00
	116	Accounting	0	0	0	0.00
	121	Offsite Parking	0	126	(126)	0.00
	200	GM CNEA	104,165	92,575	11,590	11.13
	202	Agriculture	29,895	26,018	3,877	12.97
	203	Entertainment	8,429	11,217	(2,788)	(33.08)
	204	Attractions	2,366	1,031	1,335	56.42
	205	Sports	0	0	0	0.00
	206	Program Management	71,595	59,415	12,180	17.01
	208	Concessions	36,894	40,759	(3,865)	(10.48)
	209	Casino	20,000	17,505	2,495	12.48
	210	Marketing	107,579	95,065	12,514	11.63
	211	CIAS	0	0	0	0.00
	212	Special Features	5,000	9,792	(4,792)	(95.85)
	213	International Exhibits	3,708	3,593	115	3.10
	215	Special Presentation	0	(208)	208	0.00
	305	Utilities	0	0	0	0.00
	307	Cleaning Services	0	0	0	0.00
	310	Grounds Maintenance	0	0	0	0.00
	315	Maintenance Administration	0	0	0	0.00
	317	Client Services	0	0	0	0.00
	318	Building Rentals	31,293	25,000	6,293	20.11
	319	Electrical & Mechanical	0	0	0	0.00
	322	Safety Engineering	0	1,134	(1,134)	0.00
	332	Rentals & Tech. Services	0	0	0	0.00
	501	Security	0	0	0	0.00

TOTAL

518,769	462,726	56,043	10.80
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Schedule 6

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 1999

REVENUES

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
			<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
617	112	Admission	0	328	328	0.00
	121	Offsite Parking	0	0	0	0.00
	202	Agriculture	0	27	27	0.00
	205	Sports	0	307	307	0.00
	208	Concessions	742,000	731,840	(10,160)	(1.37)
	209	Casino	0	0	0	0.00
	210	Marketing	100,000	100,000	0	0.00
	212	Special Features	0	0	0	0.00
	213	International Exhibits	0	(2,482)	(2,482)	0.00
	305	Utilities	16,000	30,684	14,684	91.77
	317	Client Services	0	0	0	0.00
	318	Building Rentals	0	0	0	0.00
TOTAL			858,000	860,704	2,704	0.32

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Schedule 7

