

July 9, 1999

## EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Robert Hicks  
Director of Finance

Subject: Variance Report – Period Ending June 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 Interim 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 ended June 30, 1999, represents the second of three such reports that will be submitted to the Board during 1999. The third report, for the period ending September 30, 1999, will be submitted to the October meeting of the Board and will coincide with variance reporting schedules for the City of Toronto.

The 1999 variance process requires 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 distributes financial reports on a weekly/monthly basis to each manager and supports analytical activities as required. In addition to the reports, the majority of management staff have 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 six 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 in certain accounts 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 considerable 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 June 30, 1999 reflects a favourable variance of \$275,857 as indicated in Schedule 1.

#### The National Trade Centre:

The operating results for the period ending June 30, 1999 reflect an unfavourable variance of \$104,304 or 6.0% as a result of lower-than-budgeted expenditures and revenues of \$337,715 and \$442,019 respectively.

Direct and indirect expenses are favourable to budget by \$462,290. Cost constraint measures have been put in place until timing differences on revenue correct. In addition, there have been operational savings as a result of more efficient scheduling of staff.

Direct event income, consisting of rent and show services is unfavourable to budget by \$364,766. Ancillary income, consisting of commissions from food and beverage, electrical, telecommunications revenue and interest, was \$1,662,125 unfavourable to budget by \$161,430. Food and beverage commission is \$883,076 an unfavourable variance of \$119,300 resulting mainly from the fact that few new, large catered events have been booked in the first six months, so new business targets have not been achieved. Volume Services and O&Y/SMG Canada are to address this issue and develop short-term and long-term action plans. As well, reduced attendance levels at the Spring Gift Show and Computerfest impacted attendance results.

Electrical income, net of cost to deliver the service, is \$508,745, an unfavourable variance of \$69,446. The unfavourable variance is a result of efficiencies not yet being fully realized, and the setup for Speedorama not requiring as extensive hook ups as in the prior year. Advertising income, net of cost is \$70,180 compared to a budget of \$110,579. This is mainly due to the fact that a bank sponsor and year-round car sponsor have not yet been secured.

### Exhibition Place

The operating results for the period ending June 30, 1999 reflect a favourable variance of \$1,478 as a result of lower-than-budgeted expenditures and revenues of \$118,117 and \$116,639 respectively.

A number of issues have arisen during the variance period, the most significant being the continued shortfall in parking revenues of \$279,607 or 11.9%. This percentage decrease is consistent with the food and beverage variance at the NTC and reflects lower attendance at some of the major shows. It must be noted that June parking revenues exceeded periodic budget by \$11,000, the first period during 1999 in which this has occurred. Staff continue to review parking forecasts and identify opportunities to generate additional revenues in this and other areas in order to reduce/eliminate the current shortfall.

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 weeks.

### Canadian National Exhibition:

The operating results for the period ending June 30, 1999, reflect a favourable variance of \$378,683 as a result of lower-than-budgeted expenditures and marginally higher revenues of \$370,131 and \$8,552 respectively. It must be noted that the majority of under-expenditures result from timing differences.

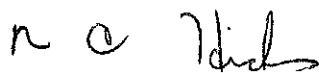
At the end of June the CNE was well into the execution phase of preparing for this year's exhibition. The next six weeks are critical in tracking expenses against budget as contracts and work orders are finalized. It is anticipated that revenue targets in the International Pavilion and the Arts, Crafts & Hobbies Building will exceed budget but will be partially offset by lower revenues in the Shoppers Market and Sports Pavilion. The critical element in achieving 1999 revenue projections will be admissions. If this revenue opportunity is realized as planned the CNE will be substantially on target.

### Conclusion:

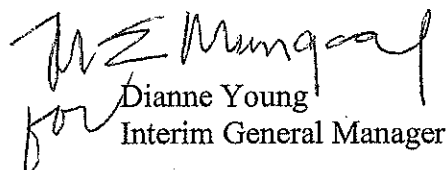
This report provides the second variance analysis for 1999 activities of Exhibition Place, the National Trade Centre, and the Canadian National Exhibition Association.

Submitted by:

Reviewed by:



Robert Hicks  
Director of Finance

  
for Dianne Young  
Interim General Manager

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

	<b><u>ANNUAL BUDGET</u></b>	<b><u>YEAR TO DATE BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>VARIANCE</u></b>	
				<b>\$</b>	<b>%</b>
<b>NTC</b>					
- EXPENSES	9,427,489	6,034,746	5,697,031	337,715	5.60
- REVENUES	11,321,860	7,767,134	7,325,115	(442,019)	(5.69)
- SUB-TOTAL	<u>(1,894,371)</u>	<u>(1,732,388)</u>	<u>(1,628,084)</u>	<u>(104,304)</u>	<u>(6.02)</u>
<b>EXHIBITION PLACE</b>					
- EXPENSES	12,302,555	5,348,867	5,230,750	118,117	2.21
- REVENUES	8,051,300	3,569,857	3,453,218	(116,639)	(3.27)
- SUB-TOTAL	<u>4,251,255</u>	<u>1,779,010</u>	<u>1,777,532</u>	<u>1,478</u>	<u>0.08</u>
<b>CNEA</b>					
- EXPENSES	12,735,607	1,905,514	1,535,383	370,131	19.42
- REVENUES	16,112,743	1,924,220	1,932,772	8,552	0.44
- SUB-TOTAL	<u>(3,377,136)</u>	<u>(18,706)</u>	<u>(397,389)</u>	<u>378,683</u>	<u>2,024.39</u>
<b>CONSOLIDATED</b>					
- EXPENSES	34,465,651	13,289,127	12,463,164	825,963	6.22
- REVENUES	35,485,903	13,261,211	12,711,105	(550,106)	(4.15)
<b>TOTAL</b>	<u>(1,020,252)</u>	<u>27,916</u>	<u>(247,941)</u>	<u>275,857</u>	<u>988.17</u>

NOTE: ( ) INDICATES UNFAVOURABLE VARIANCE

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

<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	809,022	1,229,253	1,365,406	(136,153)	(11.08)
Telecommunications	222,660	114,545	130,873	(16,328)	(14.25)
Advertising & Sponsorship	187,620	85,418	52,305	33,113	38.77
Direct Operating Costs/PMD	3,658,639	2,144,512	2,037,033	107,479	5.01
Operations Dept.	1,748,277	874,140	681,271	192,869	22.06
Event Services Dept.	604,495	306,770	280,077	26,693	8.70
Executive Dept.	606,158	304,032	271,900	32,132	10.57
Finance Dept.	668,915	316,020	294,134	21,886	6.93
Marketing Dept.	807,668	445,886	390,329	55,557	12.46
Management Fees	654,312	327,156	277,964	49,192	15.04
 <u>RECOVERIES</u>					
Ex Place Tel. Profit Remittance	69,000				
CNE Direct Operating Costs	(435,000)				
Event Services Dept.	(78,277)	(42,700)	(32,566)	(10,134)	(23.73)
SMG Network		(22,286)	(750)	(21,536)	(96.63)
Servomation	(96,000)	(48,000)	(50,945)	2,945	6.14
 <b>TOTAL</b>	 9,427,489	 6,034,746	 5,697,031	 337,715	 5.60

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Schedule 2

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

	<u>ANNUAL</u> <u>BUDGET</u>	<u>YEAR TO DATE</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>\$</u>	<u>%</u>
<u>REVENUES</u>					
Rental Income	6,601,000	4,086,053	3,857,346	(228,707)	(5.60)
Electrical Services	950,000	578,191	508,745	(69,446)	(12.01)
Food & Beverage	1,617,000	1,002,376	883,076	(119,300)	(11.90)
Third Party Billings	1,203,000	1,683,815	1,683,909	94	0.01
Advertising-NWI	475,860	195,997	122,485	(73,512)	(37.51)
Other Income	150,000	51,484	124,535	73,051	141.89
Official Supplier & Bus.Cntr.	50,000	20,000	20,000	0	0.00
Telecommunications	275,000	149,218	125,019	(24,199)	(16.22)
 TOTAL	 11,321,860	 7,767,134	 7,325,115	 (442,019)	 (5.69)

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Schedule 3

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

**EXPENSES**

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	
						<u>\$</u>	<u>%</u>
754	108	Parking and Traffic	936,394	478,465	531,465	(53,000)	(11.08)
	201	Sales Expenses	289,812	92,605	75,094	17,511	18.91
	313	Third Party Billings	1,050,000	241,500	224,029	17,471	7.23
	320	Plant Maintenance	1,076,135	655,346	629,426	25,920	3.96
	324	Safety Engineering	45,000	18,000	8,922	9,078	50.43
	100	General Manager	272,235	112,658	77,022	35,636	31.63
	101	Board of Governors	73,000	27,200	19,385	7,815	28.73
	103	Corporate Secretary	134,000	62,050	62,163	(113)	(0.18)
	104	Archives & Com. Records	108,529	51,792	51,898	(106)	(0.20)
	105	Finance & Administration	935,324	268,684	294,510	(25,826)	(9.61)
	106	Purchasing & Stores	193,334	80,816	84,281	(3,465)	(4.29)
	107	Human Resources	129,135	39,008	37,373	1,635	4.19
	110	Mail Room	95,087	44,071	38,377	5,694	12.92
	111	Telephone Services	98,925	55,270	71,204	(15,934)	(28.83)
	116	Accounting	773,938	429,064	418,867	10,197	2.38
	160	Systems	153,041	71,897	77,858	(5,961)	(8.29)
	301	Maintenance Administration	216,273	87,689	84,940	2,749	3.13
	302	Grounds Maintenance	75,000	22,800	6,520	16,280	71.40
	303	Health and Safety	41,655	20,387	18,629	1,758	8.62
	304	Miscellaneous	84,750	42,375	38,507	3,868	9.13
	305	Utilities	1,670,000	691,000	788,553	(97,553)	(14.12)
	306	Cleaning Services	541,343	263,119	246,877	16,242	6.17
	308	Special Appropriations	321,000	0	0	0	0.00
	316	Labour	492,587	357,977	299,533	58,444	16.33
	321	Electrical & Mechanical	1,576,551	699,259	544,692	154,567	22.10
	323	Engineering	257,638	118,326	125,602	(7,276)	(6.15)
	330	Rentals & Tech. Services	187,154	89,834	141,994	(52,160)	(58.06)
	500	Security	474,715	227,675	233,029	(5,354)	(2.35)
<b>TOTAL</b>			12,302,555	5,348,867	5,230,750	118,117	2.21

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Schedule 4

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

REVENUES

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE \$</u>	<u>%</u>
654	108	Parking and Traffic Revenue	4,100,015	2,351,764	2,072,157	(279,607)	(11.89)
	201	Sales Revenue	1,119,725	248,720	316,722	68,002	27.34
	202	Advertising/Signage	230,000	128,800	124,896	(3,904)	(3.03)
	313	Third Party	1,350,000	324,000	334,949	10,949	3.38
	116	Accounting Revenue	826,560	410,323	444,546	34,223	8.34
	305	Utilities Revenue	425,000	106,250	159,948	53,698	50.54
TOTAL			8,051,300	3,569,857	3,453,218	(116,639)	(3.27)

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Schedule 5



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

EXPENSES

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE \$</u>	<u>%</u>
717	102	CNEA	84,000	17,850	12,954	4,896	27.43
	103	Corporate Secretary	34,635	400	346	54	13.50
	105	Finance and Administration	362,981	88,932	79,268	9,664	10.87
	107	Human Resources	19,419	8,318	6,916	1,402	16.86
	109	Grounds and Traffic	53,140	0	0	0	0.00
	111	Telephone	80,000	28,000	23,258	4,742	16.94
	112	Admission	313,645	17,500	10,534	6,966	39.81
	113	Admission Gates	389,720	0	508	(508)	0.00
	116	Accounting	25,000	0	161	(161)	0.00
	121	Offsite Parking	94,998	0	126	(126)	0.00
	200	GM CNEA	305,453	145,856	130,751	15,105	10.36
	202	Agriculture	834,187	97,764	99,270	(1,506)	(1.54)
	203	Entertainment	1,170,350	409,623	290,907	118,716	28.98
	204	Attractions	520,000	104,000	74,830	29,170	28.05
	205	Sports	472,964	31,714	24,176	7,538	23.77
	206	Program Management	270,990	119,905	100,163	19,742	16.46
	208	Concessions	573,641	121,659	120,451	1,208	0.99
	209	Casino	2,000,000	80,000	75,144	4,856	6.07
	210	Marketing	1,875,817	404,545	355,482	49,063	12.13
	211	CIAS	415,000	0	0	0	0.00
	212	Special Features	476,530	108,049	49,244	58,805	54.42
	213	International Exhibits	375,930	53,469	11,586	41,883	78.33
	215	Special Presentation	225,000	0	(170)	170	0.00
	305	Utilities	370,000	0	0	0	0.00
	307	Cleaning Services	230,175	0	2,700	(2,700)	0.00
	310	Grounds Maintenance	147,000	0	0	0	0.00
	315	Maintenance Administration	16,000	0	0	0	0.00
	317	Client Services	283,856	17,031	15,025	2,006	11.78
	318	Building Rentals	520,579	48,819	49,471	(652)	(1.34)
	319	Electrical & Mechanical	19,000	0	0	0	0.00
	322	Safety Engineering	104,000	2,080	1,560	520	25.00
	332	Rentals & Tech. Services	46,266	0	722	(722)	0.00
	501	Security	25,331	0	0	0	0.00
<b>TOTAL</b>			<b>12,735,607</b>	<b>1,905,514</b>	<b>1,535,383</b>	<b>370,131</b>	<b>19.42</b>

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Schedule 6

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

**REVENUES**

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE \$</u>	<u>%</u>
617	112	Admission	6,164,270	0	934	934	0.00
	121	Offsite Parking	485,000	0	0	0	0.00
	202	Agriculture	181,500	12,000	1,177	(10,823)	(90.19)
	205	Sports	200,000	80,000	50,376	(29,624)	(37.03)
	208	Concessions	4,317,173	725,000	759,033	34,033	4.69
	209	Casino	2,500,000	0	2,728	2,728	0.00
	210	Marketing	500,000	100,000	146,000	46,000	46.00
	212	Special Features	50,000	0	0	0	0.00
	213	International Exhibits	568,800	227,520	362,918	135,398	59.51
	305	Utilities	16,000	16,000	32,045	16,045	100.28
	317	Client Services	103,000	0	0	0	0.00
	318	Building Rentals	1,027,000	763,700	577,561	(186,139)	(24.37)
TOTAL			16,112,743	1,924,220	1,932,772	8,552	0.44

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Schedule 7