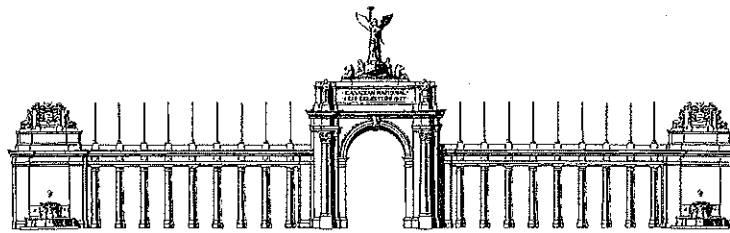


October 14, 1999



4

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Robert Hicks
Director of Finance

Subject: Variance Report – Period Ending September 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 September 30, 1999, represents the third and final report that will be submitted to the Board during 1999.

The 1999 variance process requires staff responsible for the management of activities and related budget funding to report to the Interim General Manager on a monthly basis for any variances in excess of 10% during the first eight months of the year. This variance was 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 nine months of 1999. The appended schedules identify, on an individual activity/program basis, year-to-date variances by dollar value and percentage.

Analysis:

The consolidated financial position of Exhibition Place for the period ending September 30, 1999 reflects an unfavourable variance of \$296,519 as indicated in Schedule 1.

The National Trade Centre:

The operating results for the period ending September 30, 1999 reflect a favourable variance of \$148,300 or 14.9% as a result of lower-than-budgeted expenditures and revenues of \$199,747 and \$51,447 respectively.

Direct and indirect expenses are favourable to budget by \$518,665. Operational savings have been experienced as a result of more efficient scheduling of staff. Direct event income, consisting of rent and show services is unfavourable to budget by \$176,295. Ancillary income, consisting of commissions from food and beverage, electrical, telecommunications revenue and interest, was \$2,042,989 unfavourable to budget by \$92,519. Food and beverage commission is \$988,507 an unfavourable variance of \$162,154 resulting mainly from the fact that few new, large catered events have been booked, so new business targets have not been achieved. 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 \$686,369, a favourable variance of \$7,892. Electrical income compared to the prior year at September 30th is higher by \$165,844. Advertising income, net of cost is \$129,655 compared to a budget of \$197,038. 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 September 30, 1999 reflect a favourable variance of \$588,093 or 20.2% as a result of lower-than-budgeted expenditures and revenues of \$768,906 and \$180,813 respectively.

The revenue shortfall is primarily attributable to the parking function which experienced lower-than-estimated throughput from some of the major shows during the first part of the year. Revenues from this activity have exceeded third quarter estimates by \$101,484 and are forecast to exceed fourth quarter estimates by an additional \$100,000.

Under-expenditures have been experienced in a number of accounts, the most significant being utilities and electrical and mechanical maintenance. Utility savings are attributable to the demolition of the Stadium and amalgamation of hydro accounts for Exhibition Place and the National Trade Centre, thereby benefitting from large volume user discount rates.

The under-expenditure in electrical and mechanical maintenance reflects delayed implementation of the workplan resulting from increased demand on resources to support trade and consumer shows. This variance will modify during the remainder of the year as staff focus more intensely

on these activities. The entire workplan will not be completed this year, however, the preventative maintenance program proposed for 2000 will ensure maintenance completion on a more formalized and scheduled basis.

Canadian National Exhibition:

The operating results for the period ending September 30, 1999, reflect an unfavourable variance of \$1,032,912 as a result of lower-than-budgeted expenditures and revenues of \$139,124 and \$1,172,036 respectively.

The unfavourable variance is primarily attributable to a shortfall in paid admissions and sponsorship fees. During the exhibition, as it became apparent that admissions targets would not be met and Exhibition Place and CNE staff were instructed to eliminate all discretionary expenditures for the remainder of the Exhibition. This exercise resulted in savings of approximately \$250,000. CNE staff have further been instructed to curtail discretionary expenditures for the remainder of 1999.

Conclusion:

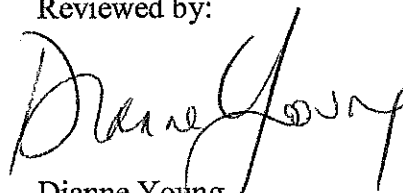
This report provides the third and final variance analysis for 1999 activities of Exhibition Place, the National Trade Centre, and the Canadian National Exhibition Association.

Submitted by:



Robert Hicks
Director of Finance

Reviewed by:



Dianne Young
Interim General Manager

99Reports-varianceSEPT99

The foregoing report was reviewed by the Executive Committee at its meeting held on October 22, 1999 and is referred to the Board of Governors for INFORMATION.

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

	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> \$	%
NTC					
- EXPENSES	11,191,498	7,919,821	7,720,074	199,747	2.52
- REVENUES	13,085,869	8,917,185	8,865,738	(51,447)	(0.58)
- SUB-TOTAL	<u>(1,894,371)</u>	<u>(997,364)</u>	<u>(1,145,664)</u>	<u>148,300</u>	<u>14.87</u>
EXHIBITION PLACE					
- EXPENSES	12,302,555	8,951,891	8,182,985	768,906	8.59
- REVENUES	7,789,397	6,040,970	5,860,157	(180,813)	(2.99)
- SUB-TOTAL	<u>4,513,158</u>	<u>2,910,921</u>	<u>2,322,828</u>	<u>588,093</u>	<u>20.20</u>
CNEA					
- EXPENSES	12,735,607	12,089,821	11,950,697	139,124	1.15
- REVENUES	16,374,646	16,010,376	14,838,340	(1,172,036)	(7.32)
- SUB-TOTAL	<u>(3,639,039)</u>	<u>(3,920,555)</u>	<u>(2,887,643)</u>	<u>(1,032,912)</u>	<u>(26.35)</u>
CONSOLIDATED					
- EXPENSES	36,229,660	28,961,533	27,853,756	1,107,777	3.82
- REVENUES	37,249,912	30,968,531	29,564,235	(1,404,296)	(4.53)
TOTAL	<u>(1,020,252)</u>	<u>(2,006,998)</u>	<u>(1,710,479)</u>	<u>(296,519)</u>	<u>(14.77)</u>

NOTE: () INDICATES UNFAVOURABLE VARIANCE

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

	<u>ANNUAL</u> <u>BUDGET</u>	<u>YEAR TO DATE</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	
<u>EXPENSES</u>				<u>\$</u>	<u>%</u>
Cleaning & Show Services	2,573,031	1,338,281	1,632,133	(293,852)	(21.96)
Telecommunications	222,660	167,531	190,477	(22,946)	(13.70)
Advertising & Sponsorship	187,620	135,919	78,452	57,467	42.28
Direct Operating Costs/PMD	3,658,639	3,050,013	2,976,487	73,526	2.41
Operations Dept.	1,748,277	1,311,210	997,900	313,310	23.89
Event Services Dept.	604,495	456,632	412,804	43,828	9.60
Executive Dept.	606,158	455,873	385,695	70,178	15.39
Finance Dept.	668,915	481,940	443,643	38,297	7.95
Marketing Dept.	807,668	636,179	638,692	(2,513)	(0.40)
Management Fees	654,312	490,734	490,000	734	0.15
 <u>RECOVERIES</u>					
Ex Place Tel. Profit Remittance	69,000				
CNE Direct Operating Costs	(435,000)	(435,000)	(400,842)	(34,158)	(7.85)
Event Services Dept.	(78,277)	(47,777)	(66,677)	18,900	39.56
SMG Network		(49,715)	(1,350)	(48,365)	(97.28)
Servomation	(96,000)	(72,000)	(57,341)	(14,659)	(20.36)
 TOTAL	 11,191,498	 7,919,821	 7,720,074	 199,747	 2.52

October 15, 1999

Schedule 2

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

	<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	6,601,000	4,633,239	4,633,106	(133)	(0.00)
Electrical Services	950,000	678,477	686,369	7,892	1.16
Food & Beverage	1,617,000	1,150,661	988,507	(162,154)	(14.09)
Third Party Billings	2,967,009	1,865,195	1,982,886	117,691	6.31
Advertising-NWI	475,860	332,957	208,108	(124,849)	(37.50)
Other Income	150,000	75,368	168,772	93,404	123.93
Official Supplier & Bus.Cntr.	50,000	30,000	30,000	0	0.00
Telecommunications	275,000	151,288	167,991	16,703	11.04
 TOTAL	 13,085,869	 8,917,185	 8,865,738	 (51,447)	 (0.58)

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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	663,993	738,319	(74,326)	(11.19)
	201	Sales Expenses	289,812	164,074	142,424	21,650	13.20
	313	Third Party Billings	1,050,000	945,000	980,447	(35,447)	(3.75)
	320	Plant Maintenance	1,076,135	925,520	870,167	55,353	5.98
	324	Safety Engineering	45,000	33,750	33,845	(95)	(0.28)
	100	General Manager	272,235	199,424	122,856	76,568	38.39
	101	Board of Governors	73,000	69,850	16,378	53,472	76.55
	103	Corporate Secretary	134,000	98,200	92,626	5,574	5.68
	104	Archives & Com. Records	108,529	80,306	78,962	1,344	1.67
	105	Finance & Administration	935,324	479,880	455,721	24,159	5.03
	106	Purchasing & Stores	193,334	141,325	129,800	11,525	8.15
	107	Human Resources	129,135	61,329	53,916	7,413	12.09
	110	Mail Room	95,087	67,888	42,716	25,172	37.08
	111	Telephone Services	98,925	77,000	73,454	3,545	4.60
	116	Accounting	773,938	626,921	577,068	49,852	7.95
	160	Systems	153,041	117,225	112,548	4,677	3.99
	301	Maintenance Administration	216,273	161,222	139,219	22,003	13.65
	302	Grounds Maintenance	75,000	40,000	6,400	33,600	84.00
	303	Health and Safety	41,655	30,612	30,315	297	0.97
	304	Miscellaneous	84,750	63,563	38,507	25,056	39.42
	305	Utilities	1,670,000	1,188,100	987,925	200,175	16.85
	306	Cleaning Services	541,343	455,780	438,480	17,300	3.80
	308	Special Appropriations	321,000	0	0	0	0.00
	316	Labour	492,587	348,486	314,618	33,868	9.72
	321	Electrical & Mechanical	1,576,551	1,210,136	960,523	249,613	20.63
	323	Engineering	257,638	189,046	187,786	1,260	0.67
	330	Rentals & Tech. Services	187,154	151,470	169,975	(18,505)	(12.22)
	500	Security	474,715	361,791	387,988	(26,196)	(7.24)
TOTAL			12,302,555	8,951,891	8,182,985	768,906	8.59

October 15, 1999

Schedule 4

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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	2,870,011	2,691,888	(178,123)	(6.21)
	201	Sales Revenue	1,119,725	1,044,045	1,039,568	(4,477)	(0.43)
	202	Advertising/Signage	230,000	128,800	124,896	(3,904)	(3.03)
	313	Third Party	1,350,000	1,188,000	1,195,886	7,886	0.66
	116	Accounting Revenue	724,657	628,615	644,569	15,954	2.54
	305	Utilities Revenue	265,000	181,500	163,350	(18,150)	(10.00)
TOTAL			7,789,397	6,040,970	5,860,157	(180,813)	(2.99)

October 15, 1999

Schedule 5

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 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>
717	102	CNEA	84,000	72,350	66,168	6,182	8.54
	103	Corporate Secretary	34,635	15,935	18,766	(2,831)	(17.77)
	105	Finance and Administration	362,981	226,631	170,320	56,310	24.85
	107	Human Resources	19,419	19,419	16,861	2,558	13.17
	109	Grounds and Traffic	53,140	53,140	64,313	(11,173)	0.00
	111	Telephone	80,000	64,000	54,157	9,843	15.38
	112	Admission	313,645	313,645	731,964	(418,319)	(133.37)
	113	Admission Gates	389,720	389,720	314,860	74,860	19.21
	116	Accounting	25,000	25,000	20,594	4,406	17.62
	121	Offsite Parking	94,998	94,998	88,166	6,832	7.19
	200	GM CNEA	305,453	232,238	207,164	25,073	10.80
	202	Agriculture	834,187	809,852	791,813	18,039	2.23
	203	Entertainment	1,170,350	1,127,214	1,133,989	(6,775)	(0.60)
	204	Attractions	520,000	493,763	480,192	13,571	2.75
	205	Sports	472,964	472,964	458,073	14,891	3.15
	206	Program Management	270,990	211,932	202,925	9,007	4.25
	208	Concessions	573,641	552,050	659,763	(107,713)	(19.51)
	209	Casino	2,000,000	2,000,000	1,789,644	210,356	10.52
	210	Marketing	1,875,817	1,706,041	1,633,821	72,220	4.23
	211	CIAS	415,000	415,000	415,000	0	0.00
	212	Special Features	476,530	476,530	501,417	(24,887)	(5.22)
	213	International Exhibits	375,930	375,930	368,465	7,465	1.99
	215	Special Presentation	225,000	225,000	224,830	170	0.08
	216	Helicopter Simulator			48,778	(48,778)	
	305	Utilities	370,000	370,000	268,269	101,731	27.49
	307	Cleaning Services	230,175	230,175	217,966	12,209	5.30
	310	Grounds Maintenance	147,000	147,000	108,592	38,408	26.13
	315	Maintenance Administration	16,000	16,000	14,087	1,913	11.95
	317	Client Services	283,856	273,776	265,007	8,769	3.20
	318	Building Rentals	520,579	485,962	444,689	41,273	8.49
	319	Electrical & Mechanical	19,000	19,000	16,500	2,500	0.00
	322	Safety Engineering	104,000	102,960	98,239	4,721	4.59
	332	Rentals & Tech. Services	46,266	46,266	31,667	14,599	31.56
	501	Security	25,331	25,331	23,637	1,694	6.69
TOTAL			12,735,607	12,089,821	11,950,697	139,124	1.15

October 15, 1999

Schedule 6

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

REVENUES

<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>
617	112	Admission	6,164,270	5,800,000	5,040,103	(759,897)	(13.10)
	121	Offsite Parking	485,000	485,000	423,970	(61,030)	(12.58)
	202	Agriculture	181,500	181,500	136,269	(45,231)	(24.92)
	205	Sports	200,000	200,000	157,595	(42,405)	(21.20)
	208	Concessions	4,317,173	4,317,173	4,270,421	(46,752)	(1.08)
	209	Casino	2,500,000	2,500,000	2,488,859	(11,141)	(0.45)
	210	Marketing	500,000	500,000	350,000	(150,000)	(30.00)
	212	Special Features	50,000	50,000	42,000	(8,000)	(16.00)
	213	International Exhibits	568,800	568,800	674,587	105,787	18.60
	216	Helicopter Simulator			8,271	8,271	
	305	Utilities	16,000	16,000	0	(16,000)	(100.00)
	317	Client Services	103,000	103,000	98,190	(4,810)	(4.67)
	318	Building Rentals	1,027,000	1,027,000	1,023,203	(3,797)	(0.37)
		Share of indirect revenue	261,903	261,903	124,871	(137,032)	(52.32)
		TOTAL	16,374,646	16,010,376	14,838,340	(1,172,036)	(7.32)

October 15, 1999

Schedule 7