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October 12, 2000

To: The Board of Governors of Exhibition Place

From: Paul Egli
Director of Finance

Subject: Variance Report – Period Ending September 30, 2000

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. These reports have the dual purpose of focusing management's attention on their responsibility to adhere to approved budget targets and performance levels and to inform the Board of Governors at the earliest possible time of any major variances from the approved 2000 budget so that remedial actions can be considered.

Discussion:

The appended consolidated variance analyses (Schedules 1-7) for the Exhibition Place programs for the nine-month period ending September 30, 2000, represent the last of the three reports to be submitted to the Board during 2000.

The year 2000 variance process required 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 was reduced to 5% for the remainder of the year to ensure tighter financial control. These procedures are consistent with standards established by the City of Toronto Finance Department and were 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 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, programs and related financial variables during the first nine months of 2000. The appended schedules identify, on an individual activity/program basis, year-to-date variances by dollar value and percentage. At this point in the year, when third quarter operating results are largely available, the trends described in this report should be indicative of the year-end position of the three Exhibition Place programs.

Analysis:

Consolidated Position for All Programs

The consolidated financial position for all Exhibition Place programs for the period ending September 30, 2000 reflects an unfavourable variance of \$274,933 or 20.16% as indicated on Schedule 1.

The three Exhibition Place programs, on a consolidated basis have made \$1,088,604 of income as of September 30, 2000 but this is less than the anticipated budget level of income of \$1,363,537.

This variance reflects the combined activities of the National Trade Centre, the Canadian National Exhibition Association and Exhibition Place. The balance of this report will address the significant variances that have been experienced for each of these programs for the first nine months of 2000.

The National Trade Centre

The financial results for the period ending September 30, 2000, reflects a favourable variance of \$154,949 or 12.27% as a result of higher than budgeted revenues and expenditures during the first nine months of the year.

Even though direct operating expenses such as natural gas have exceeded budget levels by as much as \$107,000, the new income from shows and events for the first nine months of the year has more than compensated for these unanticipated costs.

Examples of some of the successful new shows for the first three quarters of 2000 are Truck World 2000, the Siebel eBusiness Event, and the Bay National Spring Conference. The 2000 budget was based on hosting 40 shows by September 30 when in fact 69 events have been held.

Another factor that has had an impact on the financial position concerns planned maintenance activity being delayed beyond its scheduled completion date. This has resulted in positive expenditure variances that will decrease as the scheduled repairs and maintenance are carried out.

Looking to the year-end, the NTC's financial position appears to be tracking the fiscal plan and the expectation is that twelve month results will be close to the budget target.

Exhibition Place

The financial results for the period ending September 30, 2000 reflects a favourable variance of \$96,148 or 32.62% as a result of higher than budgeted revenues and expenditures during the first nine months of the year.

There are four factors that are having a major impact on the financial performance of Exhibition Place for the first nine months of 2000.

The first item is the level of work being completed on the grounds for third parties. An example is the renovations at the Horse Palace that were carried out this year for the Police Services Mounted Unit. This particular job was very large and had a total project cost of over \$1.5 million and resulted in increased third party revenues of approximately \$200,000.

Another factor, related to the level of third party work, is the decrease in expenses due to the delay in maintenance work on many of the buildings because the labour force has been concentrating on recoverable work. This has resulted in temporary expenditure variances which may reverse to some extent, although not completely, as the scheduled maintenance work for various buildings is carried out in the final quarter of this year.

The third factor is a positive revenue enhancement relating to shows, events, and building rentals on the grounds. For the first nine months of the year, this revenue has already exceeded the budget for the full year 2000 and is 25.24% above target. This positive experience will continue to the end of the year.

The final factor that has been referred to in previous reports relates to parking revenues for this year which continue to run lower than budget. In June, this negative variance was reported to be \$319,000 or 13.7% and was due to lower attendance during the winter/spring trade and consumer show season. The summer quarter resulted in only slight gains to this loss as major events such as the Benson & Hedges Symphony of Fire were rained out on several evenings. Therefore, parking revenues at the end of September are about 12.5% lower than budget expectations. The loss of parking revenues have been offset somewhat by management initiatives to reduce expenses which are presently 9.19% below budget overall and 12.9% below budget for staffing even though unplanned union wage increases and retroactive payments have had to be absorbed mid-year.

Canadian National Exhibition

With the projected 2000 budget of \$245,948 income as a reference point, the estimated financial results for the period ending September 30, 2000 reflects an unfavourable variance of \$526,030

as a result of lower-than-budgeted revenues and expenditures. At this point in time the exact amount of the budget shortfall for the 2000 CNE is still being determined as staff are awaiting the following information:

- Income remittances from advance sales partners and other individual companies
- Final settlements with GO Transit and Ontario Place
- The recording and payments of all third party costs

In terms of the analysis of this year's operations, the following comments can be made:

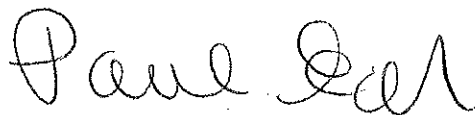
- Admissions and parking revenues admissions and parking revenues were lower than budget forecasts (about \$400,000) and were adversely effected by the two days of poor weather on the last weekend
- Concessions and casino revenues were strong and both exceeded budget expectations
- In the building rentals area, the Sports Zone and the outdoor retail were lower than budget targets
- Overall expenditures were well managed and controlled

Conclusion:

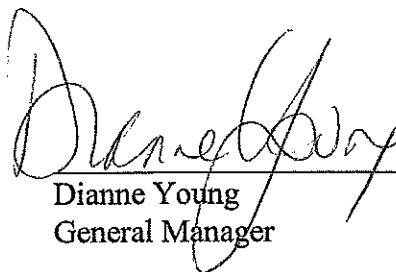
This report provides the variance analysis for the first nine months of 2000 for Exhibition Place, the National Trade Centre and the Canadian National Exhibition Association.

Submitted by:

Reviewed by:



Paul Egli
Director of Finance



Dianne Young
General Manager

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 30, 2000**

	<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	13,348,380	9,313,580	9,725,318	411,738	4.42
- EXPENSES	11,274,914	8,050,819	8,307,608	(256,789)	(3.19)
- SUB-TOTAL	2,073,466	1,262,761	1,417,710	154,949	12.27
EXHIBITION PLACE					
- REVENUES	11,335,752	9,369,257	10,511,654	1,142,397	12.19
- EXPENSES	12,598,798	9,663,997	10,710,246	(1,046,249)	(10.83)
- SUB-TOTAL	(1,263,046)	(294,740)	(198,592)	96,148	32.62
CNEA					
- REVENUES	16,446,319	16,446,319	15,794,413	(651,906)	(3.96)
- EXPENSES	16,200,371	16,050,803	15,924,927	125,876	0.78
- SUB-TOTAL	245,948	395,516	(130,514)	(526,030)	(133.00)
CONSOLIDATED					
- REVENUES	41,130,451	35,129,156	36,031,385	902,229	2.57
- EXPENSES	40,074,083	33,765,619	34,942,781	(1,177,162)	(3.49)
TOTAL	1,056,368	1,363,537	1,088,604	(274,933)	(20.16)

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 30, 2000**

	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
		<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
<u>REVENUES</u>					
Rental Income	6,975,440	4,900,795	4,973,313	72,518	1.48
Electrical Services	1,070,480	714,543	699,344	(15,199)	(2.13)
Food & Beverage	1,563,385	1,152,148	1,079,915	(72,233)	(6.27)
Third Party Billings	2,657,313	1,756,652	2,229,695	473,043	26.93
Advertising	444,387	332,021	218,754	(113,267)	(34.11)
Other Income	151,550	113,400	158,367	44,967	39.65
Official Supplier & Bus. Centre	100,040	71,181	38,467	(32,714)	(45.96)
Telecommunications	385,785	272,840	327,463	54,623	20.02
TOTAL	13,348,380	9,313,580	9,725,318	411,738	4.42

THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 30, 2000

	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
		<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
<u>EXPENSES</u>					
Cleaning & Show Services	2,131,562	1,339,899	1,784,073	(444,174)	(33.15)
Telecommunications	338,497	261,689	305,458	(43,769)	(16.73)
Advertising & Sponsorship	145,698	109,269	20,398	88,871	81.33
Direct Operating Costs/PMD	4,823,406	3,566,295	3,504,965	61,330	1.72
Operations Dept.	667,714	501,409	494,918	6,491	1.29
Event Services Dept.	968,361	728,781	705,876	22,905	3.14
Executive Dept.	507,658	379,592	349,564	30,028	7.91
Finance Dept.	753,047	555,250	548,817	6,433	1.16
Depreciation - Equipment	0	0	91,270	(91,270)	(100.00)
Marketing Dept.	842,778	630,009	552,793	77,216	12.26
Management Fees	567,178	425,385	426,449	(1,064)	(0.25)
<u>RECOVERIES</u>					
Ex Place Tel. Profit Remittance	69,000	69,000	68,141	859	1.24
CNE Direct Operating Costs	(395,000)	(395,000)	(395,000)	0	0.00
Event Services Dept.	(75,500)	(68,000)	(92,391)	24,391	35.87
Servomation	(69,485)	(52,759)	(57,723)	4,964	9.41
TOTAL	11,274,914	8,050,819	8,307,608	(256,789)	(3.19)

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 30, 2000**

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>
654	108	Parking and Traffic Revenue	4,242,500	3,012,175	2,636,042	(376,133)	(12.49)
	116	Accounting Revenue	707,545	577,181	706,363	129,182	22.38
	117	Overhead Admin. Support	900,000	900,000	900,000	0	0.00
	118	Overhead Site Prep.	1,930,000	1,930,000	1,930,000	0	0.00
	201	Sales Revenue	1,220,907	992,300	1,242,742	250,442	25.24
	202	Advertising/Signage	380,000	326,800	206,669	(120,131)	(36.76)
	305	Utilities Revenue	534,800	381,201	323,986	(57,215)	(15.01)
	313	Third Party	1,420,000	1,249,600	2,565,853	1,316,253	105.33
TOTAL			11,335,752	9,369,257	10,511,654	1,142,398	12.19

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 30, 2000**

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>
754	100	General Manager	269,185	195,615	174,603	21,012	10.74
	101	Board of Governors	71,500	68,200	48,680	19,520	28.62
	103	Corporate Secretary	179,269	132,450	114,350	18,100	13.67
	104	Archives & Com. Records	130,659	100,875	71,525	29,350	29.10
	105	Finance & Administration	917,560	479,292	504,426	(25,134)	(5.24)
	106	Purchasing & Stores	188,771	137,133	133,474	3,659	2.67
	107	Human Resources	148,036	65,392	69,778	(4,386)	(6.71)
	108	Parking and Traffic	977,076	691,908	628,348	63,560	9.19
	110	Mail Room	45,587	33,745	20,728	13,017	38.57
	111	Telephone Services	83,925	67,945	51,811	16,134	23.75
	116	Accounting	704,156	564,500	631,665	(67,165)	(11.90)
	160	Systems	168,530	130,236	120,911	9,325	7.16
	201	Sales Expenses	352,259	281,865	269,084	12,780	4.53
	301	Maintenance Administration	693,553	509,084	509,386	(302)	(0.06)
	302	Grounds Maintenance	65,000	42,500	42,610	(110)	(0.26)
	303	Health and Safety	42,500	31,322	39,708	(8,386)	(26.77)
	304	Sports Hall of Fame	84,750	63,563	63,103	459	0.72
	305	Utilities	1,429,000	1,005,890	995,104	10,786	1.07
	306	Cleaning Services	329,600	206,607	258,989	(52,382)	(25.35)
	308	Special Appropriations	346,000	326,000	326,974	(974)	(0.30)
	313	Third Party Billings	1,125,000	1,012,500	2,185,995	(1,173,495)	(115.90)
	316	Labour	588,395	425,908	482,317	(56,408)	(13.24)
	320	Plant Maintenance	1,078,095	861,148	842,759	18,389	2.14
	321	Electrical & Mechanical	1,692,393	1,569,682	1,385,072	184,610	11.76
	323	Engineering	259,126	189,694	185,149	4,545	2.40
	330	Rentals & Tech. Services	148,158	103,154	137,531	(34,377)	(33.33)
	500	Security	480,715	367,791	416,166	(48,375)	(13.15)
TOTAL			12,598,798	9,663,997	10,710,246	(1,046,249)	(10.83)

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 30, 2000**

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	5,401,319	5,401,319	5,052,646	(348,673)	(6.46)
	121	Offsite Parking	1,050,000	1,050,000	986,696	(63,304)	(6.03)
	202	Agriculture	193,000	193,000	201,844	8,844	4.58
	205	Sports	5,000	5,000	9,400	4,400	88.00
	208	Concessions	4,186,000	4,186,000	4,320,399	134,399	3.21
	209	Casino	2,435,000	2,435,000	2,475,183	40,183	1.65
	210	Marketing	600,000	600,000	420,000	(180,000)	(30.00)
	212	Special Features	200,000	200,000	152,185	(47,815)	(23.91)
	213	International Exhibits	600,000	600,000	622,726	22,726	3.79
	305	Utilities	83,000	83,000	58,079	(24,921)	(30.03)
	317	Client Services	103,000	103,000	84,035	(18,965)	(18.41)
	318	Building Rentals	1,590,000	1,590,000	1,411,220	(178,780)	(11.24)
TOTAL			16,446,319	16,446,319	15,794,413	(651,906)	(3.96)

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING SEPTEMBER 30, 2000**

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	75,250	75,250	63,609	11,641	15.47
	103	Corporate Secretary	30,285	30,285	23,248	7,037	23.24
	105	Finance and Administration	275,300	262,550	250,611	11,939	4.55
	107	Human Resources	18,410	18,410	14,721	3,689	20.04
	109	Grounds and Traffic	85,950	85,950	68,501	17,449	20.30
	111	Telephone	60,000	60,000	40,000	20,000	33.33
	112	Admission	804,396	804,396	777,895	26,501	3.29
	113	Admission Gates	307,100	305,500	288,471	17,029	5.57
	117	Overhead Admin. Support	900,000	900,000	900,000	0	0.00
	118	Overhead - Site Prep.	1,930,000	1,930,000	1,930,000	0	0.00
	121	Offsite Parking	79,650	79,650	82,472	(2,822)	(3.54)
	200	CNEA GM Office	284,000	255,671	227,271	28,400	11.11
	202	Agriculture	1,149,400	1,149,400	1,120,709	28,691	2.50
	203	Entertainment	971,400	971,400	931,415	39,985	4.12
	204	Attractions	503,350	501,750	527,641	(25,891)	(5.16)
	205	Sports	416,500	416,500	425,058	(8,558)	(2.05)
	206	Program Management	387,658	324,506	333,519	(9,013)	(2.78)
	208	Concessions	771,757	741,720	1,006,661	(264,941)	(35.72)
	209	Casino	1,776,800	1,776,800	1,740,624	36,176	2.04
	210	Marketing	1,781,004	1,777,404	1,762,190	15,214	0.86
	211	CIAS	415,000	415,000	415,000	0	0.00
	212	Special Features	1,000,100	1,000,100	948,516	51,584	5.16
	213	International Exhibits	342,250	342,250	326,018	16,232	4.74
	305	Utilities	281,528	281,528	291,532	(10,004)	(3.55)
	307	Cleaning Services	200,000	200,000	151,729	48,271	24.14
	310	Grounds Maintenance	116,000	116,000	58,518	57,482	49.55
	315	Maintenance Administration	35,000	35,000	34,248	752	2.15
	317	Client Services	252,383	252,383	217,682	34,701	13.75
	318	Building Rentals	522,900	514,400	540,596	(26,196)	(5.09)
	332	Rentals & Tech. Services	32,000	32,000	31,472	528	1.65
	530	NTC Operations	395,000	395,000	395,000	0	0.00
TOTAL			16,200,371	16,050,803	15,924,927	125,876	0.78

