

The following report was reviewed by the Finance & Audit Committee at its meeting of May 17, 2001 and is referred to the Board of Governors for INFORMATION.

May 9, 2001

## EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young  
General Manager & CEO

Subject: Variance Report – Period Ending April 30, 2001

### 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. 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 at the earliest possible time of any major variances from the approved 2001 budget so that remedial actions can be considered.

### Discussion:

This report and the appended consolidated variance analyses (Schedules 1-7) for the four month period ending April 30, 2001, are the first of three reports that will be submitted to the Board during 2001. Further consolidated variance reports will be submitted to the Board for the periods ending June 30 and September 30, 2001.

The year 2001 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.

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:

Consolidated Position for All Programs

The consolidated financial position of Exhibition Place for the period ending April 30, 2001 reflects an unfavourable variance of \$258,523 or 29.51% as indicated on Schedule 1. This variance reflects the combined activities of the National Trade Centre, Exhibition Place and the Canadian National Exhibition Association ("CNEA"). The balance of this report will address the significant variances that have been experienced for each of these programs for the first four months of 2001.

The National Trade Centre Program:

The budget for the period ending April 30, 2001, reflects an unfavourable variance of \$216,168 or 11.3% as a result of lower than budgeted expenditures and revenues.

The revenues are showing an unfavourable variance with rental, electrical and food and beverage income generating less than budget expectations. These show and related revenues are lower because of reduced space and time requirements for certain shows, such as the Boat Show and the Spring Gift Show. Also as a reflection of the overall economic climate, there was a reduction in corporate events such as in the case of Daimler Chrysler and The Bay Conference. However, on a positive note, third party billings to show clients for cleaning, labour and other services is showing a positive variance of \$132,000.

In light of the reduction of income from consumer and corporate events, efforts were made to control expenditures and they show a positive variance to budget of \$171,208 or 3.89%.

The management of the National Trade Centre are reviewing their annual projections and budgets and will be reporting on this matter to the Board at its May meeting.

Exhibition Place Program:

The budget for the period ending April 30, 2001 reflects a favourable variance of \$199,116 or 21.45% as a result of lower than budgeted expenditures and revenues.

Parking revenues are below budget by approximately \$80,000 because of the reduced level of consumer and corporate show activity during the first four months of the year. However there are also offsetting reductions in labour cost.

Although a 15% rate increase was built into the 2001 budget for natural gas, utility costs are still approximately \$30,000 over the budget forecast for the first four months of the year reflecting higher costs than estimated and a longer winter heating period.

The lower level of show activity has also had an impact on the expenditure and income accounts for skilled trades at Exhibition Place. Recoveries and revenues for labour and technical services are below budget projections but expenditures on the skilled trades' workforce are also similarly

lower so that there is not an overall negative effect. On the positive side, staff in the electrical and mechanical services have been employed by the Liberty Grand Entertainment Complex at the OGB resulting in a net profits for the Board.

Most of the operational expenses are on budget at this early point in the year. However, expenditures will be very carefully controlled at Exhibition Place from this point forward until the future level of show and event activity on the grounds and its impact on operating income can be more definitely determined.

**CNEA Program:**

The budget for the period ending April 30, 2001 reflects an unfavourable variance of \$241,471 as a result of lower than budgeted expenditures and revenues.

In the case of the CNEA Program, it is in the 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.

In terms of the revenue variances, the marketing income is lower than budget because some contracted sponsorship agreements have not been finalized. Also building rentals and the international exhibits show very high negative variances. However this negative variance of over \$300,000 is mainly a timing difference. Exhibitor space has been booked but not invoiced so that the revenue is not officially recorded in the financial records as of the date of this reporting.

The expenditure for Special Features is below the anticipated budget because the contract for the nighttime extravaganza program has not been finalized.

**Conclusion:**

This report provides the variance analysis for the first four months of 2001 for the National Trade Centre, Exhibition Place and the CNEA.

**Contact:**

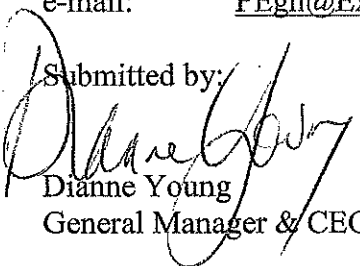
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Submitted by:

  
Dianne Young

General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE  
CONSOLIDATED VARIANCE ANALYSIS  
FOR THE PERIOD ENDING APRIL 30, 2001**

	<u>ANNUAL</u>	<u>YEAR TO DATE</u>		<u>VARIANCE*</u>	
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
<b>NTC</b>					
- REVENUES	13,704,834	6,316,375	5,928,999	(387,376)	(6.13)
- EXPENSES	11,683,435	4,402,680	4,231,472	171,208	3.89
- SUB-TOTAL	2,021,399	1,913,695	1,697,527	(216,168)	(11.30)
<b>EXHIBITION PLACE</b>					
- REVENUES	15,556,157	4,535,729	4,432,441	(103,288)	(2.28)
- EXPENSES	16,807,745	5,464,176	5,161,772	302,404	5.53
- SUB-TOTAL	(1,251,588)	(928,447)	(729,331)	199,116	21.45
<b>CNEA</b>					
- REVENUES	15,664,049	634,700	304,541	(330,159)	(52.02)
- EXPENSES	15,660,473	743,914	655,226	88,688	11.92
- SUB-TOTAL	3,576	(109,214)	(350,685)	(241,471)	221.10
<b>CONSOLIDATED</b>					
- REVENUES	44,925,040	11,486,804	10,665,981	(820,823)	(7.15)
- EXPENSES	44,151,653	10,610,770	10,048,470	562,300	5.30
<b>TOTAL</b>	<b>773,387</b>	<b>876,034</b>	<b>617,511</b>	<b>(258,523)</b>	<b>(29.51)</b>

NOTE: \* ( ) INDICATES UNFAVOURABLE VARIANCE

**THE NATIONAL TRADE CENTRE  
VARIANCE ANALYSIS  
FOR THE PERIOD ENDING APRIL 30, 2001**

	<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	7,280,621	3,545,433	3,268,257	(277,176)	(7.82)
Electrical Services	1,017,043	451,093	344,648	(106,445)	(23.60)
Food & Beverage	1,600,000	880,895	733,021	(147,874)	(16.79)
Third Party Billings	2,729,243	1,057,886	1,190,713	132,827	12.56
Advertising	344,228	110,022	89,151	(20,871)	(18.97)
Other Income	197,116	77,192	111,608	34,416	44.58
Official Supplier & Bus. Centre	80,000	38,190	47,338	9,148	23.95
Telecommunications	456,583	155,664	144,263	(11,401)	(7.32)
<b>TOTAL</b>	<b>13,704,834</b>	<b>6,316,375</b>	<b>5,928,999</b>	<b>(387,376)</b>	<b>(6.13)</b>

**THE NATIONAL TRADE CENTRE  
VARIANCE ANALYSIS  
FOR THE PERIOD ENDING APRIL 30, 2001**

	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
		<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
<b><u>EXPENSES</u></b>					
Cleaning & Show Services	2,231,812	847,235	847,864	(629)	(0.07)
Telecommunications	351,197	115,394	131,008	(15,614)	(13.53)
Advertising & Sponsorship	64,210	21,404	12,001	9,403	43.93
Direct Operating Costs/PMD	5,202,086	2,028,611	2,055,165	(26,554)	(1.31)
Operations Dept.	672,998	225,964	185,146	40,818	18.06
Event Services Dept.	1,098,204	368,442	340,113	28,329	7.69
Executive Dept.	508,852	172,134	146,249	25,885	15.04
Finance Dept.	815,559	264,932	242,381	22,551	8.51
Depreciation - Equipment	0	0	15,456	(15,456)	(100.00)
Marketing Dept.	759,609	253,204	166,008	87,196	34.44
Management Fees	493,393	149,838	126,593	23,245	15.51

**RECOVERIES**

Telecommunications	69,000				
CNE Direct Operating Costs	(410,000)				
Event Services Dept.	(84,000)	(3,227)	(3,227)	0	0.00
Servomation	(89,485)	(41,251)	(33,285)	(7,966)	(19.31)

<b>TOTAL</b>	<b>11,683,435</b>	<b>4,402,680</b>	<b>4,231,472</b>	<b>171,208</b>	<b>3.89</b>
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**EXHIBITION PLACE  
VARIANCE ANALYSIS  
FOR THE PERIOD ENDING APRIL 30, 2001**

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>
654	108	Parking and Traffic Revenue	4,074,000	1,728,259	1,647,621	(80,638)	(4.67)
	116	Accounting Revenue	785,496	312,998	317,535	4,537	1.45
	117	Overhead Admin. Support	811,000	0	0	0	0.00
	118	Overhead Site Prep.	1,930,000	0	0	0	0.00
	201	Sales Revenue	1,313,666	230,937	207,295	(23,642)	(10.24)
	202	Advertising/Signage	475,000	95,000	136,249	41,249	43.42
	305	Utilities Revenue	531,563	70,029	91,367	21,339	30.47
	306	Cleaning Services	2,101,481	602,840	601,929	(911)	(0.15)
	313	Third Party	1,595,000	334,950	329,580	(5,370)	(1.60)
	316	Recoveries - Labour	980,903	318,113	203,281	(114,831)	(36.10)
	320	Recoveries - Plant Maint.	647,369	155,483	212,702	57,219	36.80
	321	Recoveries - Elect. & Mech.	1,734,813	357,843	464,924	107,082	29.92
	330	Recoveries - Rentals	1,316,866	329,278	219,957	(109,321)	(33.20)
		CNEA recoveries	(2,741,000)				
<b>TOTAL</b>			<b>15,556,157</b>	<b>4,535,729</b>	<b>4,432,441</b>	<b>(103,288)</b>	<b>(2.28)</b>

May 8, 2001

Schedule 4

**EXHIBITION PLACE  
VARIANCE ANALYSIS  
FOR THE PERIOD ENDING APRIL 30, 2001**

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	283,381	95,049	94,218	831	0.87
	101	Board of Governors	56,500	7,680	6,383	1,297	16.89
	103	Corporate Secretary	308,257	93,070	84,506	8,564	9.20
	104	Archives & Com. Records	120,757	35,679	32,675	3,004	8.42
	105	Finance & Administration	757,238	162,316	156,185	6,131	3.78
	106	Purchasing & Stores	171,062	49,493	46,647	2,845	5.75
	107	Human Resources	160,588	35,671	25,628	10,043	28.16
	108	Parking and Traffic	864,626	289,531	264,534	24,997	8.63
	116	Accounting	893,913	333,975	330,225	3,750	1.12
	160	Systems	190,814	60,572	54,603	5,969	9.85
	201	Sales Expenses	325,458	72,730	48,577	24,153	33.21
	301	Maintenance Administration	802,774	239,782	218,139	21,643	9.03
	302	Grounds Maintenance	65,000	0	0	0	0.00
	303	Health and Safety	56,957	20,457	18,521	1,936	9.46
	304	Sports Hall of Fame	84,750	21,188	17,175	4,013	18.94
	305	Utilities	1,529,760	510,202	540,520	(30,318)	(5.94)
	306	Cleaning Services	2,435,181	707,395	722,234	(14,839)	(2.10)
	308	Special Appropriations	316,000	1,800	9,000	(7,200)	(400.00)
	313	Third Party Billings	1,265,000	354,200	340,333	13,867	3.92
	316	Labour	1,494,421	519,068	304,698	214,371	41.30
	320	Plant Maintenance	1,665,196	393,985	442,079	(48,094)	(12.21)
	321	Electrical & Mechanical	3,752,657	906,244	964,874	(58,630)	(6.47)
	323	Engineering	46,073	14,768	13,400	1,368	9.26
	330	Rentals & Tech. Services	1,414,982	398,475	273,914	124,561	31.26
	500	Security	487,400	140,846	152,703	(11,857)	(8.42)
		CNEA recoveries	(2,741,000)				
<b>TOTAL</b>			<b>16,807,745</b>	<b>5,464,176</b>	<b>5,161,772</b>	<b>302,404</b>	<b>5.53</b>

May 8, 2001

Schedule 5



**CANADIAN NATIONAL EXHIBITION ASSOCIATION  
VARIANCE ANALYSIS  
FOR THE PERIOD ENDING APRIL 30, 2001**

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	5,317,949	0	0	0	0.00
	121	Offsite Parking	983,500	0	0	0	0.00
	202	Agriculture	95,000	0	17,200	17,200	0.00
	205	Sports	5,000	0	0	0	0.00
	208	Concessions	4,241,600	0	25,057	25,057	0.00
	209	Casino	2,430,000	0	0	0	0.00
	210	Marketing	450,000	90,000	27,915	(62,085)	(68.98)
	213	International Exhibits	650,000	188,500	4,045	(184,455)	(97.85)
	305	Utilities	75,000	0	0	0	0.00
	317	Client Services	91,000	0	0	0	0.00
	318	Building Rentals	1,325,000	356,200	230,325	(125,875)	(35.34)
<b>TOTAL</b>			<b>15,664,049</b>	<b>634,700</b>	<b>304,541</b>	<b>(330,159)</b>	<b>(52.02)</b>

May 10, 2001

Schedule 6

**CANADIAN NATIONAL EXHIBITION ASSOCIATION  
VARIANCE ANALYSIS  
FOR THE PERIOD ENDING APRIL 30, 2001**

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>
717	102	CNEA	72,500	6,550	2,537	4,013	61.26
	103	Corporate Secretary	28,100	240	100	140	58.33
	105	Finance and Administration	308,175	35,000	40,000	(5,000)	(14.29)
	107	Human Resources	22,600	2,600	0	2,600	100.00
	109	Grounds and Traffic	74,500	0	0	0	0.00
	111	Telecommunications	40,000	13,200	13,000	200	1.52
	112	Admission	786,845	0	264	(264)	0.00
	113	Admission Gates	326,320	1,800	278	1,522	84.58
	117	Overhead Admin. Support	811,000	0	0	0	0.00
	118	Overhead - Site Prep.	1,930,000	0	0	0	0.00
	121	Offsite Parking	103,000	0	0	0	0.00
	200	CNEA GM Office	357,890	110,946	94,632	16,314	14.70
	202	Agriculture	902,150	50,000	45,017	4,983	9.97
	203	Entertainment	1,067,000	42,360	30,090	12,270	28.97
	204	Attractions	510,500	37,875	22,348	15,527	40.99
	205	Sports	366,000	17,050	7,080	9,970	58.47
	206	Program Management	333,763	82,837	99,181	(16,345)	(19.73)
	208	Concessions	894,226	49,627	42,545	7,082	14.27
	209	Casino	1,750,000	35,850	42,056	(6,206)	(17.31)
	210	Marketing	1,764,550	75,000	62,480	12,520	16.69
	211	Air Show	415,000	120,000	120,000	0	0.00
	212	Special Features	441,221	20,000	0	20,000	100.00
	213	International Exhibits	324,000	0	2,343	(2,343)	0.00
	305	Utilities	305,100	0	0	0	0.00
	307	Cleaning Services	208,000	0	0	0	0.00
	310	Grounds Maintenance	270,000	0	1,275	(1,275)	0.00
	315	Maintenance Administration	15,000	0	0	0	0.00
	317	Client Services	248,133	0	0	812	0.00
	318	Building Rentals	542,900	42,980	30,000	12,980	30.20
	332	Rentals & Tech. Services	32,000	0	0	0	0.00
	530	NTC Operations	410,000	0	0	0	0.00
<b>TOTAL</b>			<b>15,660,473</b>	<b>743,914</b>	<b>655,226</b>	<b>88,688</b>	<b>11.92</b>

May 10, 2001

Schedule 7