

EXHIBITION PLACE

July 17, 2000

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Variance Report – Period Ending June 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 of Governors.

Discussion:

This report and the appended consolidated variance analyses (Schedules 1-7) for the six-month period ending June 30, 2001, is the second of three reports that will be submitted to the Board during 2001. A further consolidated variance report will be submitted to the Board for the period ending 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. Although it is still early in the CNE program cycle, informative trends have emerged for the other two programs at Exhibition Place and these are commented on in the body of this report.

Consolidated Position for All Programs

The consolidated financial position of Exhibition Place for the period ending June 30, 2001 reflects a favourable variance of \$543,918 as indicated on Schedule 1. This variance reflects the combined activities of the National Trade Centre, Exhibition Place and the Canadian National Exhibition Association. The balance of this report will address the significant variances that have been experienced for each of these programs for the first six months of 2001.

(a) The National Trade Centre

The net financial performance for the period ending June 30, 2001, reflects an unfavourable variance of \$114,596 or 8.19% as a result of lower than budgeted expenditures and revenues.

Show shrinkage and a lack of new business are continuing to have an impact on the revenue streams for the National Trade Centre. Rental income, electrical services income and food and beverage revenue are all tracking below budget forecasts for the first six months of the year.

The General Manager for the National Trade Centre presented a revised income forecast for 2001 at the May meeting of the Board and one strategy for mitigating the impact of reduced revenue is an aggressive cost control program. On a combined basis, expenditures to June 30, 2001 are below budget by \$349,678 or 5.79%. This is a significant reduction in expenses and nearly balances the lost revenue. The management at the National Trade Centre is continuing efforts to deal with the loss in event revenue forecast for this year.

(b) Exhibition Place

The combined revenue and expense position for the period ending June 30, 2001 reflects a favourable variance of \$97,839 or 4.83% as a result of lower than budgeted expenditures and revenues. This favourable variance reflects active steps taken by management to reduce expenditures in this program to balance projected losses because of decreased trade and consumer show activity.

Parking revenues are below budget by approximately \$190,000 mainly because of the reduced level of show activity being experienced at the National Trade Centre during the first six months of the year. The cancellation of the Benson & Hedges "Symphony of Fire" event has also put pressure on parking revenues for the 2001 budget year. On a positive note, temporary salaries have been reduced and there is an overall positive budget variance of \$67,211 or 14.94% for the total parking program expenditures to June 30, 2001.

A negative variance is being experienced with respect to the cost of natural gas. The all-in rate for 2001 is approximately 45 % greater for Exhibition Place then the comparable rate for 2000. At present the utilities account is showing an over-expenditure of \$89,748 but officials at the City of Toronto think they can obtain significantly lower gas rates on our behalf in the late fall of this year.

The lower level of show activity is also impacting the revenue streams for hourly trades. Income for labour and rentals and technical services are lower than budget forecasts but this loss in revenue generating work is balanced by lower expenditures on wages.

Staff in the electrical and mechanical services have been working on the Liberty Grand Entertainment site as well as on capital budget projects. This is having a beneficial effect on net income which is now showing over a \$130,000 positive variance compared to the budget forecast for this area.

(c) Canadian National Exhibition Association

The budget for the period ending June 30, 2001 reflects a favorable variance of \$560,675 as a result of lower than budgeted expenditures and higher than budgeted revenues.

Building rentals are being received sooner than was anticipated in the budget forecast (\$62,186 or 5.34%). On an overall basis, the positive variance is mainly being driven by lower than anticipated expenditures for the first six months of the year. A case in point is the first payment to Pyromax of \$165,000 which was made in early July but missed the June 30th cutoff date to be recorded in the first six-month expenditures (under the "Special Features category"). Similarly for Marketing, Attractions and Sports the positive expenditure variances are mainly indicative of timing differences for the payment of program costs rather than being indicative of permanent cost savings that will endure to the end of the year.

The September 30, 2001 variance report should be more informative of the final operating revenues, and, to a lesser degree, the final expenditure position of the 2001 Canadian National Exhibition.

Conclusion:

This report provides the variance analysis for the first six months of 2001 for the National Trade Centre, Exhibition Place and the Canadian National Exhibition Association.

Contact:

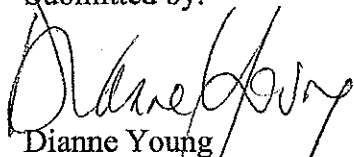
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Submitted by:


Dianne Young
General Manager & CEO

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

	<u>ANNUAL BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE*</u>	
		<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
NTC					
- REVENUES	13,704,834	7,434,313	6,970,039	(464,274)	(6.25)
- EXPENSES	11,683,436	6,035,760	5,686,082	349,678	5.79
- SUB-TOTAL	2,021,398	1,398,553	1,283,957	(114,596)	(8.19)
EXHIBITION PLACE					
- REVENUES	15,556,157	6,707,625	6,401,359	(306,266)	(4.57)
- EXPENSES	16,807,745	8,732,726	8,328,621	404,105	4.63
- SUB-TOTAL	(1,251,588)	(2,025,101)	(1,927,262)	97,839	4.83
CNEA					
- REVENUES	15,664,049	2,205,000	2,321,322	116,322	5.28
- EXPENSES	15,660,473	2,041,948	1,597,595	444,353	21.76
- SUB-TOTAL	3,576	163,052	723,727	560,675	343.86
CONSOLIDATED					
- REVENUES	44,925,040	16,346,938	15,692,720	(654,218)	(4.00)
- EXPENSES	44,151,654	16,810,434	15,612,298	1,198,136	7.13
TOTAL	773,386	(463,496)	80,422	543,918	117.35

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	4,104,641	3,618,702	(485,939)	(11.84)
Electrical Services	1,017,043	533,650	394,329	(139,321)	(26.11)
Food & Beverage	1,600,000	984,242	821,361	(162,881)	(16.55)
Third Party Billings	2,729,243	1,311,638	1,655,530	343,892	26.22
Advertising	344,228	162,950	135,749	(27,201)	(16.69)
Other Income	197,116	101,076	130,753	29,677	29.36
Official Supplier & Bus.Centre	80,000	44,784	52,555	7,771	17.35
Telecommunications	456,583	191,332	161,060	(30,272)	(15.82)
TOTAL	13,704,834	7,434,313	6,970,039	(464,274)	(6.25)

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

<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	2,231,812	1,046,672	1,206,184	(159,512)	(15.24)
Telecommunications	351,197	177,666	200,315	(22,649)	(12.75)
Advertising & Sponsorship	64,210	32,106	17,827	14,279	44.47
Direct Operating Costs/PMD	5,202,087	2,683,843	2,459,115	224,728	8.37
Operations Dept.	672,998	338,246	280,602	57,644	17.04
Event Services Dept.	1,098,204	551,963	521,847	30,116	5.46
Executive Dept.	508,852	255,176	221,447	33,729	13.22
Finance Dept.	815,559	402,513	399,261	3,252	0.81
Depreciation - Equipment	0	0	23,184	(23,184)	(100.00)
Marketing Dept.	759,609	379,806	246,379	133,427	35.13
Management Fees	493,393	246,694	199,389	47,305	19.18
 <u>RECOVERIES</u>					
Telecommunications	69,000				
CNE Direct Operating Costs	(410,000)				
Event Services Dept.	(84,000)	(27,964)	(27,964)	0	0.00
Servomation	(89,485)	(50,961)	(61,504)	10,543	20.69
 TOTAL	 11,683,436	 6,035,760	 5,686,082	 349,678	 5.79

July 11, 2001

Schedule 3

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	2,050,359	1,857,402	(192,957)	(9.41)
	116	Accounting Revenue	785,496	373,301	459,554	86,253	23.11
	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	617,334	663,949	46,614	7.55
	202	Advertising/Signage	475,000	161,250	162,178	928	0.58
	305	Utilities Revenue	531,563	122,590	147,138	24,548	20.02
	306	Offset - Cleaning Services	2,101,481	767,941	717,639	(50,302)	(6.55)
	313	Third Party	1,595,000	558,250	587,491	29,241	5.24
	316	Offset - Labour	980,903	461,700	283,387	(178,313)	(38.62)
	320	Offset - Physical Plant Mnt.	647,369	359,730	325,244	(34,486)	(9.59)
	321	Offset - Electrical & Mech.	1,734,813	641,400	681,382	39,981	6.23
	330	Offset - Rentals/Tech.Serv.	1,316,866	593,769	515,995	(77,774)	(13.10)
		CNEA Recoveries	(2,741,000)				
TOTAL			15,556,157	6,707,625	6,401,359	(306,266)	(4.57)

July 11, 2001

Schedule 4

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	148,728	116,029	32,699	21.99
	101	Board of Governors	56,500	25,330	24,032	1,298	5.12
	103	Corporate Secretary	308,257	152,154	139,183	12,970	8.52
	104	Archives & Com. Records	120,757	60,497	54,630	5,867	9.70
	105	Finance & Administration	757,238	418,619	409,442	9,177	2.19
	106	Purchasing & Stores	171,062	74,338	73,616	722	0.97
	107	Human Resources	160,588	58,217	46,477	11,739	20.16
	108	Parking and Traffic	864,626	450,018	382,807	67,211	14.94
	116	Accounting	893,913	410,935	489,348	(78,414)	(19.08)
	160	Systems	190,814	98,147	94,091	4,056	4.13
	201	Sales Expenses	325,458	142,190	97,345	44,845	31.54
	301	Maintenance Administration	802,774	393,158	355,500	37,657	9.58
	302	Grounds Maintenance	65,000	35,500	36,242	(742)	(2.09)
	303	Health and Safety	56,957	30,438	28,246	2,192	7.20
	304	Sports Hall of Fame	84,750	42,375	17,873	24,502	57.82
	305	Utilities	1,529,760	682,540	772,289	(89,748)	(13.15)
	306	Cleaning Services	2,435,181	909,442	917,347	(7,906)	(0.87)
	308	Special Appropriations	316,000	10,000	9,999	1	0.01
	313	Third Party Billings	1,265,000	531,300	528,206	3,094	0.58
	316	Labour	1,494,421	729,678	476,267	253,411	34.73
	320	Plant Maintenance	1,665,196	786,131	813,198	(27,067)	(3.44)
	321	Electrical & Mechanical	3,752,657	1,666,719	1,571,100	95,619	5.74
	323	Engineering	46,073	21,637	26,429	(4,792)	(22.15)
	330	Rentals & Tech. Services	1,414,982	640,722	607,548	33,174	5.18
	500	Security	487,400	213,916	241,375	(27,459)	(12.84)
		CNEA Recoveries	(2,741,000)				
TOTAL			16,807,745	8,732,726	8,328,621	404,106	4.63

July 11, 2001

Schedule 5

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	3,229	3,229	0.00
	121	Offsite Parking	983,500	0	0	0	0.00
	202	Agriculture	95,000	40,000	38,645	(1,355)	(3.39)
	205	Sports	5,000	0	0	0	0.00
	208	Concessions	4,241,600	800,000	793,242	(6,758)	(0.84)
	209	Casino	2,430,000	5,000	5,828	828	0.00
	210	Marketing	450,000	135,000	192,938	57,938	42.92
	305	Utilities	75,000	60,000	59,168	(832)	0.00
	317	Client Services	91,000	0	0	0	0.00
	318	Building Rentals	1,975,000	1,165,000	1,227,186	62,186	5.34
	105	G.M.Finance & Admin.			1,085	1,085	
TOTAL			15,664,049	2,205,000	2,321,322	116,322	5.28

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	11,850	6,728	5,122	43.23
	103	Corporate Secretary	28,100	1,600	367	1,233	77.07
	105	Finance and Administration	303,175	100,000	104,501	(4,501)	(4.50)
	107	Human Resources	22,600	11,160	2,536	8,624	77.27
	109	Grounds and Traffic	74,500	0	0	0	0.00
	111	Telecommunications	40,000	15,000	12,172	2,828	18.85
	112	Admission	782,066	0	1,987	(1,987)	0.00
	113	Admission Gates	326,320	5,400	4,823	577	10.69
	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	178,945	145,075	33,870	18.93
	202	Agriculture	927,150	92,130	69,816	22,314	24.22
	203	Entertainment	1,067,000	111,920	94,097	17,823	15.92
	204	Attractions	508,500	105,275	61,093	44,182	41.97
	205	Sports	368,000	73,600	13,676	59,924	81.42
	206	Program Management	333,763	143,716	160,054	(16,339)	(11.37)
	208	Concessions	894,226	147,672	142,635	5,037	3.41
	209	Casino	1,740,000	230,223	232,238	(2,014)	(0.87)
	210	Marketing	1,764,550	402,678	265,930	136,748	33.96
	211	Air Show	415,000	180,000	180,000	0	0.00
	212	Special Features	496,000	124,000	0 *	124,000	100.00
	213	International Exhibits	110,000	20,000	18,050	1,950	0.00
	305	Utilities	305,100	0	0	0	0.00
	307	Cleaning Services	208,000	0	(1,200)	1,200	0.00
	310	Grounds Maintenance	270,000	20,000	19,217	783	0.00
	315	Maintenance Administration	15,000	1,000	1,095	(95)	0.00
	317	Client Services	248,133	1,500	1,485	15	0.00
	318	Building Rentals	706,900	64,280	61,221	3,059	4.76
	332	Rentals & Tech. Services	32,000	0	0	0	0.00
	530	NTC Operations	400,000	0	0	0	0.00
TOTAL			15,660,473	2,041,948	1,597,595	444,353	21.76

Note: * Payment of \$ 165,000 to Pyromax processed in July 2001.

July 11/2001

Schedule 7