



May 21, 2002

To: The Board of Governors of Exhibition Place
From: Dianne Young
General Manager & CEO
Subject: Variance Report – Period Ending April 30, 2002

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 four month period ending April 30, 2002, are the first of three reports that will be submitted to the Board during 2002. Further consolidated variance reports will be submitted to the Board for the periods ending June 30 and September 30, 2002.

The year 2002 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 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 four months of 2002. 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.

Consolidated Position for All Programs

The consolidated financial position of Exhibition Place for the period ending April 30, 2002 reflects a favourable variance of \$982,551 as indicated on Schedule 1. This variance reflects the combined activities of the National Trade Centre Program, Exhibition Place Program and the CNEA Program.

The National Trade Centre Program

The operating results for the period ending April 30, 2002, reflects a favourable variance of \$87,715 or 5.04% as a result of lower than budgeted expenditures and revenues.

On a year to year comparative basis, the National Trade Centre is showing much more positive results than at the same time last year. In the April 30, 2001 variance report, the National Trade Centre was recording a negative variance of \$216,168 with a forecast of reduced profitability for the balance of the year.

Most revenue streams are lower than the anticipated budget with rental, electrical, food and beverage income generating, in aggregate, \$252,340 less than budget expectations. Third party billings to show clients for cleaning, labour and other services are showing a positive variance of \$70,509. Electrical revenues are lower than projected because of increased costs to deliver these services as well as lower demand for electrical services for the Boat Show, Canadian Hardware & Building Materials and the Toronto Sportman's Show. The Home Show in April had a favourable impact on building rental and catering revenues.

In total 2002 expenses to April 30 are lower and in particular direct operating costs have been well controlled at the National Trade Centre for the first four months of 2002 and are showing a favourable variance of \$210,906.

Although it is still very early in the year, consumer show attendance across North America is higher than during the same period in 2001 and the management at the National Trade Centre are hopeful that this positive trend will continue for the balance of this year.

Exhibition Place Program

The budget for the period ending April 30, 2002 reflects a favourable variance of \$503,288 or 44.75% as a result of lower than budgeted expenditures and revenues.

The largest revenue for Exhibition place comes from the parking operations and these revenues are showing a positive variance of \$275,852 for the first four months of 2002. The following events exceeded their projected revenue targets for parking income:

▪ Metro Home Show (January)	\$ 22,436
▪ Speedorama (January)	\$ 28,395
▪ Interior Design Show (February)	\$ 66,175
▪ National Home Show (April)	\$ 147,044

The maintenance administration budget is showing a favourable variance of \$23,223 mainly from filling a replacement position and the new position of fire protection operator at later dates than had been anticipated.

Third party revenues and the labour trade section are achieving profitability targets but have lower than anticipated revenues and expenditures to this point in the year. This is mainly because no significant recoverable activity has yet been carried for World Youth Day or the renovations for the South District Animal Services and Shelter project in the Horse Palace. The electrical and mechanical section is showing a positive variance of \$125,750 because of an increase in recoverable work on various projects including the Chinese New Year event.

In summary, most cost centres in the Exhibition Place operating program are showing expenditure savings for the first four months of 2002 and profitability targets are being met.

Canadian National Exhibition Association

The budget for the period ending April 30, 2002 reflects an favourable variance of \$391,548 as a result of lower than budgeted expenditures and higher than expected revenues.

In the case of the CNEA, it is in a programming and planning phase rather than an operational mode and less than 7% of the total budgeted expenses are forecast to be made during the first four months.

On the expenditure side the following areas are indicating positive variances (\$272,618 in aggregate):

- Agriculture
- Entertainment
- Attractions
- Marketing

However these positive variances should not be given too much significance because, at this early point in the CNEA cycle, it is difficult to predict in which month particular expenditures will be taking place as many of them result from negotiations and discussions with third parties.

Revenues are tracking very close to budget expectations with slightly more (\$32,608) in Food Building invoices being issued than had been projected in the budget forecast.

In summary, the CNEA is in a very early phase, and any variances that are indicated result more from timing differences rather than from anticipated permanent increases or decreases in income or expenses.

Conclusion:

This report provides the variance analysis for the first four months of 2002 for the National Trade Centre Program, Exhibition Place Program and the CNEA Program.

Contact:

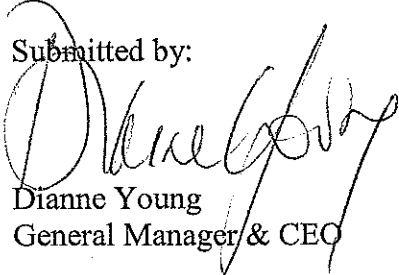
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Submitted by:



Dianne Young
General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2002**

	<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	13,382,655	6,099,951	5,901,960	(197,991)	(3.25)
- EXPENSES	11,516,968	4,360,716	4,075,010	285,706	6.55
- SUB-TOTAL	1,865,687	1,739,235	1,826,950	87,715	5.04
EXHIBITION PLACE					
- REVENUES	17,849,097	5,180,723	4,931,165	(249,558)	(4.82)
- EXPENSES	19,102,579	6,305,504	5,552,658	752,846	11.94
- SUB-TOTAL	(1,253,482)	(1,124,781)	(621,493)	503,288	44.75
CNEA					
- REVENUES	16,090,044	678,000	725,581	47,243	6.97
- EXPENSES	16,084,308	1,072,314	728,009	344,305	32.11
- SUB-TOTAL	5,736	(394,314)	(2,428)	391,548	99.30
CONSOLIDATED					
- REVENUES	47,321,796	11,958,674	11,558,706	(400,306)	(3.35)
- EXPENSES	46,703,855	11,738,534	10,355,677	1,382,857	11.78
TOTAL	617,941	220,140	1,203,029	982,551	

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2002**

	<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	7,290,000	3,476,719	3,358,544	(118,175)	(3.40)
Electrical Services	898,909	348,314	242,885	(105,429)	(30.27)
Food & Beverage	1,379,000	749,324	720,588	(28,736)	(3.83)
Third Party Billings	2,776,420	1,160,770	1,231,279	70,509	6.07
Advertising	344,228	110,022	134,303	24,281	22.07
Other Income	148,600	55,492	49,521	(5,971)	(10.76)
Official Supplier & Bus.Centre	80,000	38,136	34,908	(3,228)	(8.46)
Telecommunications	465,498	161,174	129,932	(31,242)	(19.38)
TOTAL	13,382,655	6,099,951	5,901,960	(197,991)	(3.25)

**THE NATIONAL TRADE CENTRE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2002**

<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	2,182,754	890,030	924,621	(34,591)	(3.89)
Telecommunications	367,794	122,258	131,711	(9,453)	(7.73)
Advertising & Sponsorship	64,210	21,404	24,917	(3,513)	(16.41)
Direct Operating Costs/PMD	5,183,176	2,000,952	1,790,046	210,906	10.54
Operations Dept.	627,300	211,567	191,945	19,622	9.27
Event Services Dept.	1,092,189	366,438	364,795	1,643	0.45
Executive Dept.	528,036	176,530	155,518	21,012	11.90
Finance Dept.	810,392	262,140	253,860	8,280	3.16
Depreciation - Equipment	55,000	18,332	19,115	(783)	(4.27)
Marketing Dept.	749,704	249,904	173,288	76,616	30.66
Management Fees	418,592	132,009	131,824	185	0.14
 <u>RECOVERIES</u>					
Telecommunications	69,000	0	0	0	0.00
CNE Direct Operating Costs	(383,613)	0	0	0	0.00
Event Services Dept.	(154,306)	(48,748)	(48,748)	0	0.00
Servomation	(93,260)	(42,100)	(37,882)	(4,218)	(10.02)
 TOTAL	 11,516,968	 4,360,716	 4,075,010	 285,706	 6.55

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Schedule 3

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2002**

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	4,127,813	1,718,207	1,994,059	275,852	16.05
	116	Accounting Revenue	816,924	193,970	147,310	(46,660)	(24.06)
	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	1,402,112	301,767	318,235	16,468	5.46
	202	Advertising/Signage	527,575	140,000	142,000	2,000	1.43
	305	Utilities Revenue	652,000	85,460	92,949	7,489	8.76
	306	Cleaning Recoveries	2,033,632	782,275	606,462	(175,813)	(22.47)
	313	Third Party	3,224,080	677,057	329,926	(347,131)	(51.27)
	316	Labour - Recoveries	799,733	292,634	174,487	(118,147)	(40.37)
	320	Physical Plant Mnt.-Recov.	638,889	130,566	196,642	66,076	50.61
	321	Electrical & Mech.-Recov.	1,985,477	348,249	473,999	125,750	36.11
	330	Rentals/Tech.Serv.-Recov.	1,640,862	510,538	455,097	(55,441)	(10.86)
		CNEA Recoveries	(2,741,000)				
TOTAL			17,849,097	5,180,723	4,931,165	(249,558)	(4.82)

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Schedule 4

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2002**

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	286,179	95,896	79,308	16,588	17.30
	101	Board of Governors	51,500	9,950	5,245	4,705	47.29
	103	Corporate Secretary	314,991	84,752	97,364	(12,611)	(14.88)
	104	Archives & Com. Records	122,652	37,066	35,492	1,574	4.25
	105	Finance & Administration	792,290	193,997	209,187	(15,190)	(7.83)
	106	Purchasing & Stores	160,691	43,225	38,965	4,260	9.85
	107	Human Resources	162,208	36,173	34,021	2,152	5.95
	108	Parking and Traffic	864,506	326,330	313,904	12,426	3.81
	116	Accounting	913,717	328,689	334,625	(5,936)	(1.81)
	160	Systems	190,467	66,373	54,865	11,508	17.34
	201	Sales Expenses	352,478	51,573	68,141	(16,567)	(32.12)
	301	Maintenance Administration	808,081	241,743	218,520	23,223	9.61
	302	Grounds Maintenance	65,000	0	0	0	0.00
	303	Health and Safety	56,948	17,790	17,000	790	4.44
	304	Sports Hall of Fame	53,200	13,300	930	12,370	93.01
	305	Utilities	1,719,000	593,613	565,052	28,561	4.81
	306	Cleaning Services	2,388,790	893,759	723,323	170,436	19.07
	308	Special Appropriations	316,000	0	3,000	(3,000)	0.00
	313	Third Party Billings	2,758,000	650,240	306,225	344,015	52.91
	316	Labour	1,340,314	452,250	325,513	126,737	28.02
	320	Plant Maintenance	1,710,444	432,837	443,902	(11,065)	(2.56)
	321	Electrical & Mechanical	4,101,639	965,071	908,162	56,908	5.90
	323	Engineering	63,467	65,333	88,324	(22,991)	(35.19)
	330	Rentals & Tech. Services	1,751,982	542,140	526,064	16,076	2.97
	500	Security	499,035	163,403	155,527	7,876	4.82
		CNEA Recoveries	(2,741,000)				
TOTAL			19,102,579	6,305,504	5,552,658	752,846	11.94

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Schedule 5

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2002**

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	5,820,090	0	11,951	11,951	0.00
	121	Parking	967,500	0	0	0	0.00
	202	Agriculture	84,000	0	0	0	0.00
	205	Sports	5,000	0	0	0	0.00
	208	Concessions	4,026,954	650,000	682,608	32,608	5.02
	209	Casino	2,568,000	0	0	0	0.00
	210	Marketing	475,500	0	0	0	0.00
	305	Utilities	70,000	28,000	30,480	2,480	8.86
	317	Client Services	83,000	0	0	0	0.00
	318	Building Rentals	1,990,000	0	204	204	0.00
	105	GM Fin. & Admin.			337		
TOTAL			16,090,044	678,000	725,581	47,243	6.97

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Schedule 6

CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING APRIL 30, 2002

EXPENSES

MAJOR	SUB	ACCOUNT	ANNUAL	YEAR TO DATE		VARIANCE	
			BUDGET	BUDGET	ACTUAL	\$	%
717	102	CNEA	69,000	8,650	4,514	4,136	47.82
	103	Corporate Secretary	27,300	256	427	(171)	(66.98)
	105	Finance and Administration	306,875	56,884	57,795	(911)	(1.60)
	107	Human Resources	33,900	5,200	0	5,200	100.00
	109	Grounds and Traffic	72,950	0	0	0	0.00
	111	Telecommunications	40,000	5,600	1,104	4,496	80.28
	112	Admission	874,645	0	0	0	0.00
	113	Admission Gates	375,750	2,040	463	1,577	77.32
	117	Overhead Admin. Support	811,000	0	0	0	0.00
	118	Overhead - Site Prep.	1,930,000	0	0	0	0.00
	121	Parking	117,500	0	0	0	0.00
	200	CNEA GM Office	381,076	106,984	108,865	(1,882)	(1.76)
	202	Agriculture	1,017,700	179,410	15,364	164,046	91.44
	203	Entertainment	924,300	91,755	31,051	60,704	66.16
	204	Attractions	524,100	44,150	12,091	32,059	72.61
	205	Sports	345,670	15,950	141	15,809	99.11
	206	Program Management	266,250	67,731	68,006	(276)	(0.41)
	208	Concessions	897,909	57,978	55,879	2,099	3.62
	209	Casino	1,839,500	69,890	101,404	(31,514)	(45.09)
	210	Marketing	1,755,500	219,780	123,456	96,324	43.83
	211	Air Show	415,000	91,300	90,000	1,300	1.42
	212	Special Features	575,000	0	0	0	0.00
	213	Community Heritage	118,450	5,577	5,019	558	10.01
	305	Utilities	305,100	0	0	0	0.00
	307	Cleaning Services	306,000	0	0	0	0.00
	310	Grounds Maintenance	293,000	0	0	0	0.00
	317	Client Services	318,333	0	301	(301)	0.00
	318	Building Rentals	704,500	43,180	52,129	(8,949)	(20.72)
	332	Rentals & Tech. Services	33,000	0	0	0	0.00
	530	NTC Operations	405,000	0	0	0	0.00
TOTAL			16,084,308	1,072,314	728,009	344,304	32.11

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Schedule 7

