



July 22, 2002

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Variance Report – Period Ending June 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, including the appended Schedules 1-7, provides details on the operating results for the three Exhibition Place programs for the six-month period ending June 30, 2002. It is the second of three reports that will be submitted to the Board during 2002. A final consolidated variance report will be submitted to the Board for the period ending 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 six months of 2002. The appended schedules identify, on an individual activity/program basis, year-to-date variances by dollar value and percentage.

The comments and analysis in this report will identify the activities of Exhibition Place that are showing significant variance from the anticipated level of income and expenditure to this point in 2002 and outline the factors that are causing the variance.

Consolidated Position for All Programs

As was the case in the first variance report for 2002, the consolidated financial position of Exhibition Place for the period ending June 30, 2002 indicates a significant positive variance. The combined activities of the National Trade Centre Program, Exhibition Place Program and the CNEA Program are exceeding the budget forecast by \$1,160,254 as indicated on Schedule 1.

The National Trade Centre Program

The operating results for the period ending June 30, 2002, reflects a favourable variance of \$48,618 or 3.95% as a result of lower than budgeted expenditures and revenues.

In broad terms, this positive result is being driven by expenditure reductions (\$303,965) as aggregate revenues are lower than had been anticipated.

The following specific revenues are lower than forecast by the percentages indicated:

	<u>Variance from Budget</u>
Rental Income	(2.79 %)
Electrical Services	(23.61 %)
Food & Beverage	(10.26 %)

An uncertainty for the National Trade Centre program, as well as the other programs at Exhibition Place is the ultimate impact of hydro-electric costs in 2002. The National Trade Centre and Exhibition Place are parties to a three-year pricing contract with Toronto Hydro Electric Services Inc. However as no actual billings have been issued since the market opened on May 1st and it is difficult at this point in time to predict exactly how this factor will impact the financial results.

In summary, overall profitability is being maintained by the National Trade Centre in the face of competitive market conditions.

Exhibition Place Program

The financial results for the period ending June 30, 2002 reflects a favourable variance of \$787,310 or 35.83% as a result of lower than budgeted expenditures and revenues.

Parking revenues continued to exceed budget forecasts throughout the second quarter and by June 30th total revenues equaled \$2,340,991 which was \$290,003 or 14.14% over budget. On a year to year comparative basis, parking revenues for the first six months of 2002 exceeded 2001 results for the same time period by \$483,000. Events such as the Good Food Festival, Ride for Heart and AIMR exceeded their parking revenue budget forecast in the second quarter and also new business made significant contributions to parking income. A contributing factor to this increase in parking revenues is higher than anticipated attendance at the consumer shows that are being presented on the grounds.

Third party net revenues and expenses are considerably lower than budget forecasts. The explanation for this situation is that World Youth Day related activity accounts for a significant part of the budget and these revenues and expenses had not been recorded in the accounts as of June 30th.

The electrical and mechanical division is having a large positive impact on the net position for Exhibition Place with a favourable variance of \$381,181. This variance is accounted for by the workforce concentrating on revenue generating projects in the first half of the year. As the priority shifts to planned maintenance work on the buildings in the second half of the year this positive variance may decline.

The Finance and Administration accounts are showing an over-expenditure of \$23,566 and this variance is due to the fact that statutory deductions such as Canada Pension Plan contributions and Employment Insurance premiums are contained in these accounts and these expenditures occur to a greater degree in the early part of the year until employees reach their maximum amounts. This situation should correct itself by the end of the year.

On a summary basis, the Exhibition Place program is exceeding its budget target by a considerable degree for the first half of 2002.

Canadian National Exhibition Association

The budget for the period ending April 30, 2002 reflects an favourable variance of \$324,664 as a result of lower than budgeted expenditures and higher than expected revenues.

As of June 30th, as usual, the majority of CNEA financial activity is still to occur with only 10.4% of the annual budgeted expenditures spent during the first six months of the year. At this early stage of the CNE in budgetary and financial terms, major revenue sources such as concessions and building rentals are ahead of schedule. With respect to the expenditures, no significant variances are noted except the Special Features section where a larger payment than was originally expected has been made for the "Inferno at the Ex" attraction.

The next variance report for the period from January 1st to September 30th will give a more informative indication of the financial results of the 2002 CNE.

Conclusion:

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

Contact:

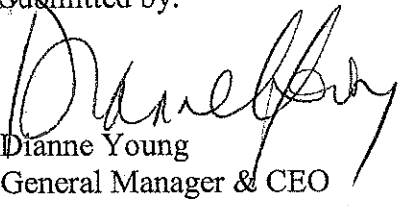
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Submitted by:



Dianne Young
General Manager & CEO

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE
CONSOLIDATED VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	7,239,207	6,983,860	(255,347)	(3.53)
- EXPENSES	11,516,968	6,007,213	5,703,248	303,965	5.06
- SUB-TOTAL	1,865,687	1,231,994	1,280,612	48,618	3.95
EXHIBITION PLACE					
- REVENUES	17,849,097	7,675,960	7,340,073	(335,887)	(4.38)
- EXPENSES	19,102,579	9,873,533	8,750,336	1,123,197	11.38
- SUB-TOTAL	(1,253,482)	(2,197,573)	(1,410,263)	787,310	35.83
CNEA					
- REVENUES	16,090,044	2,452,610	2,586,389	133,779	5.45
- EXPENSES	16,084,308	1,858,426	1,667,541	190,885	10.27
- SUB-TOTAL	5,736	594,184	918,848	324,664	(54.64)
CONSOLIDATED					
- REVENUES	47,321,796	17,367,777	16,910,322	(457,793)	(2.64)
- EXPENSES	46,703,855	17,739,172	16,121,125	1,618,047	9.12
TOTAL	617,941	(371,395)	789,197	1,160,254	312.40

NOTE: * () INDICATES UNFAVOURABLE VARIANCE

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

	<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	7,290,000	3,938,659	3,828,580	(110,079)	(2.79)
Electrical Services	898,909	402,353	307,376	(94,977)	(23.61)
Food & Beverage	1,379,000	880,299	790,021	(90,278)	(10.26)
Third Party Billings	2,776,420	1,553,731	1,602,093	48,362	3.11
Advertising	344,228	162,950	192,038	29,088	17.85
Other Income	148,600	75,038	62,126	(12,912)	(17.21)
Official Supplier & Bus.Centre	80,000	44,074	44,263	189	0.43
Telecommunications	465,498	182,103	157,363	(24,740)	(13.59)
TOTAL	13,382,655	7,239,207	6,983,860	(255,347)	(3.53)

**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	1,178,526	1,197,930	(19,404)	(1.65)
Telecommunications	367,794	183,962	213,250	(29,288)	(15.92)
Advertising & Sponsorship	64,210	32,106	35,424	(3,318)	(10.33)
Direct Operating Costs/PMD	5,183,176	2,594,975	2,420,423	174,552	6.73
Operations Dept.	627,300	316,649	298,726	17,923	5.66
Event Services Dept.	1,092,189	548,957	540,433	8,524	1.55
Executive Dept.	528,036	265,770	234,924	30,846	11.61
Finance Dept.	810,392	398,775	387,062	11,713	2.94
Depreciation - Equipment	55,000	27,498	29,574	(2,076)	(7.55)
Marketing Dept.	749,704	374,856	283,632	91,224	24.34
Management Fees	418,592	209,296	183,889	25,407	12.14
 <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)	(73,122)	(73,122)	0	0.00
Servomation	(93,260)	(51,035)	(48,897)	(2,138)	(4.19)
 TOTAL	 11,516,968	 6,007,213	 5,703,248	 303,965	 5.06

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Schedule 3

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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>
654	108	Parking and Traffic Revenue	4,127,813	2,050,988	2,340,991	290,003	14.14
	116	Accounting Revenue	816,924	525,100	524,845	(255)	(0.05)
	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	708,626	779,198	70,572	9.96
	202	Advertising/Signage	527,575	140,166	142,000	1,834	1.31
	305	Utilities Revenue	652,000	149,090	221,756	72,666	48.74
	306	Offset - Cleaning Services	2,033,632	940,307	788,720	(151,587)	(16.12)
	313	Third Party	3,224,080	1,128,428	565,040	(563,388)	(49.93)
	316	Offset - Labour	799,733	394,998	259,543	(135,454)	(34.29)
	320	Offset - Physical Plant Mnt.	638,889	245,450	301,465	56,015	22.82
	321	Offset - Electrical & Mech.	1,985,477	632,462	709,711	77,250	12.21
	330	Offset - Rentals/Tech.Serv.	1,640,862	760,345	706,803	(53,542)	(7.04)
		CNEA Recoveries	(2,741,000)				
TOTAL			17,849,097	7,675,960	7,340,073	(335,887)	(4.38)

**EXHIBITION PLACE
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	150,128	133,967	16,161	10.76
	101	Board of Governors	51,500	18,250	19,224	(974)	(5.34)
	103	Corporate Secretary	314,991	150,286	142,342	7,943	5.29
	104	Archives & Com. Records	122,652	61,645	59,558	2,087	3.39
	105	Finance & Administration	792,290	239,234	262,800	(23,566)	(9.85)
	106	Purchasing & Stores	160,691	74,456	69,471	4,985	6.70
	107	Human Resources	162,208	65,067	52,814	12,253	18.83
	108	Parking and Traffic	864,506	437,971	449,336	(11,365)	(2.59)
	116	Accounting	913,717	487,585	520,666	(33,081)	(6.78)
	160	Systems	190,467	110,374	96,688	13,685	12.40
	201	Sales Expenses	352,478	124,779	130,325	(5,546)	(4.44)
	301	Maintenance Administration	808,081	396,106	369,007	27,100	6.84
	302	Grounds Maintenance	65,000	10,750	8,333	2,417	22.48
	303	Health and Safety	56,948	28,650	28,292	358	1.25
	304	Sports Hall of Fame	53,200	26,600	27,595	(995)	(3.74)
	305	Utilities	1,719,000	963,073	909,326	53,747	5.58
	306	Cleaning Services	2,388,790	1,090,893	1,020,361	70,532	6.47
	308	Special Appropriations	316,000	4,000	3,000	1,000	25.00
	313	Third Party Billings	2,758,000	1,158,360	660,341	498,019	42.99
	316	Labour	1,340,314	675,425	508,334	167,091	24.74
	320	Plant Maintenance	1,710,444	755,886	746,298	9,587	1.27
	321	Electrical & Mechanical	4,101,639	1,727,785	1,423,854	303,931	17.59
	323	Engineering	63,467	66,341	57,938	8,403	12.67
	330	Rentals & Tech. Services	1,751,982	813,161	813,353	(192)	(0.02)
	500	Security	499,035	236,730	237,113	(383)	(0.16)
		CNEA Recoveries	(2,741,000)				
TOTAL			19,102,579	9,873,533	8,750,336	1,123,197	11.38

**CANADIAN NATIONAL EXHIBITION ASSOCIATION
VARIANCE ANALYSIS
FOR THE PERIOD ENDING JUNE 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	15,600	28,637	13,037	83.57
	205	Sports	5,000	0	0	0	0.00
	208	Concessions	4,026,954	758,910	812,786	53,876	7.10
	209	Casino	2,568,000	9,000	6,870	(2,130)	(23.67)
	210	Marketing	475,500	260,000	260,092	92	0.04
	305	Utilities	70,000	43,000	43,242	242	0.56
	317	Client Services	83,000	0	0	0	0.00
	318	Building Rentals	1,990,000	1,366,100	1,422,472	56,372	4.13
	105	GM Fin. & Admin.			337	337	0.00
TOTAL			16,090,044	2,452,610	2,586,389	133,779	5.45

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

EXPENSES

<u>MAJOR</u>	<u>SUB</u>	<u>ACCOUNT</u>	<u>ANNUAL</u> <u>BUDGET</u>	<u>YEAR TO DATE</u>		<u>VARIANCE</u>	
				<u>BUDGET</u>	<u>ACTUAL</u>	<u>\$</u>	<u>%</u>
717	102	CNEA	69,000	14,100	9,539	4,561	32.35
	103	Corporate Secretary	27,300	384	427	(43)	(11.32)
	105	Finance and Administration	306,875	89,230	86,508	2,722	3.05
	107	Human Resources	33,900	6,160	3,266	2,894	46.98
	109	Grounds and Traffic	72,950	0	0	0	0.00
	111	Telecommunications	40,000	10,400	1,954	8,446	81.22
	112	Admission	874,645	0	0	0	0.00
	113	Admission Gates	375,750	6,120	3,933	2,188	35.74
	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	183,298	186,320	(3,022)	(1.65)
	202	Agriculture	1,017,700	101,000 *	70,984	30,016	29.72
	203	Entertainment	924,300	92,000 *	71,191	20,809	22.62
	204	Attractions	524,100	52,000 *	42,271	9,729	18.71
	205	Sports	345,670	34,000 *	3,649	30,352	89.27
	206	Program Management	266,250	120,000 *	110,840	9,160	7.63
	208	Concessions	897,909	183,000 *	101,126	81,874	44.74
	209	Casino	1,839,500	183,000 *	199,081	(16,081)	(8.79)
	210	Marketing	1,755,500	350,000	270,864	79,136	22.61
	211	Air Show	415,000	182,600	180,000	2,600	1.42
	212	Special Features	575,000	172,500	234,800	(62,300)	(36.12)
	213	Community Heritage	118,450	11,154	10,681	473	4.24
	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	7,631	(7,631)	0.00
	317	Client Services	318,333	3,000	1,216	1,784	59.48
	318	Building Rentals	704,500	64,480	71,262	(6,782)	(10.52)
	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	1,858,426	1,667,541	190,885	10.27

* Note: Some of the budget forecasts have been revised to reflect current expenditure plans on various programs.

July 22, 2002

Schedule 7

