



STAFF REPORT ACTION REQUIRED

City of Toronto Economic Development Corporation – Annual Report to Shareholder, 2007 Audited Annual Consolidated Financial Statements and Annual General Meeting

Date:	August 20, 2008
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

This report recommends the actions necessary to comply with the requirements of the Ontario *Business Corporations Act* for the holding of an annual general meeting of the shareholder of City of Toronto Economic Development Corporation (TEDCO) including receipt by the City of TEDCO's audited annual consolidated financial statements and the report of the auditor on those statements, and the appointment of TEDCO's auditor until the next annual general shareholder's meeting.

RECOMMENDATIONS

The City Manager recommends that City Council:

1. consider this portion of the Council meeting to be the Annual General Meeting of the sole shareholder of City of Toronto Economic Development Corporation (TEDCO), and:
 - a. receive the annual report of TEDCO to the City (Annual Report), which report is in the form of a letter dated August 12, 2008 from the Chairman of the Board of Directors and the President and Chief Executive Officer of TEDCO to the City and is Attachment 1 to this report;
 - b. receive the audited annual consolidated financial statements of TEDCO for the period ending December 31, 2007, together with the auditor's report thereon dated May 28, 2008, which is Attachment 2 to this report;

- c. adopt the shareholder resolution attached as Attachment 4 to this report to appoint Ernst & Young LLP, Chartered Accountants, as TEDCO's auditors until the next annual general meeting, and to authorize the directors of TEDCO to fix the remuneration of TEDCO's auditors; and
2. receive the report of the Deputy City Manager and Chief Financial Officer, dated August 11, 2008, entitled "TEDCO – 2007 Audited Financial Statements", which is Attachment 3 to this report;

Financial Impact

There are no financial implications that would result from adopting this report.

Equity Statement (Not Applicable)

ISSUE BACKGROUND

TEDCO is incorporated under the Ontario *Business Corporation Corporations Act* (OBCA). The City is the sole shareholder of TEDCO. In 2002, Council approved a Shareholder Direction to TEDCO which, among other things, sets out the City's objectives relating to TEDCO, and establishes governance principles and accountability and reporting requirements for TEDCO.

To comply with the requirements of the OBCA, an annual meeting of the corporation's shareholder must be held within fifteen months from the last annual shareholder meeting. TEDCO's last annual shareholder meeting was held by City Council at its meeting of December 11, 12 and 13, 2007 (Executive Committee Item EX15.13).

COMMENTS

The Shareholder Direction requires that within 120 days after the end of each fiscal year TEDCO prepare and submit to Council an annual report. TEDCO's annual report, which is comprised of a letter dated August 12, 2008 from the Chairman of its Board of Directors and its President and Chief Executive Officer to the City is Attachment 1 to this report.

TEDCO's Board of Directors approved TEDCO's 2007 audited annual financial statements at its meeting held on July 11, 2008. These statements and the auditors report thereon are Attachment 2 to this report. The City's Deputy City Manager and Chief Financial Officer has reviewed these financial statements, and his comments on the financial statements are Attachment 3 to this report.

The OBCA requires that each OBCA corporation hold an annual general meeting of its shareholder or shareholders. This report recommends that City Council: (i) consider part of this Council meeting to be the annual general meeting of the shareholder of TEDCO; (ii) receive TEDCO's annual report, the audited annual consolidated financial statements of TEDCO and the auditor's and the City CFO's reports thereon; and (iii) appoint TEDCO's auditor.

In June 2003, Council appointed Ernst & Young as the City's external auditor and as TEDCO's auditor for a five year period. City Council authorized extension of this contract for 2008 and 2009 at its meeting held on March 3, 4 and 5, 2008 by adoption of Audit Committee Item AU6.1. Under the OBCA, the appointment of the Corporation's auditor must be approved annually.

CONTACT

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SIGNATURE

Shirley Hoy,
City Manager

ATTACHMENTS

Attachment 1: Letter dated August 12, 2008 from the Chairman of the Board of Directors and the President and Chief Executive Officer of TEDCO to the City comprising TEDCO 2007 Annual Report to Shareholder

Attachment 2: 2007 TEDCO Consolidated Audited Annual Financial Statements and the Report of the Auditor

Attachment 3: Report of the Deputy City Manager and Chief Financial Officer dated August 11, 2008 entitled "TEDCO – 2007 Audited Financial Statements"

Attachment 4: Shareholder Resolution