

## **Invest Toronto - Annual General Meeting and 2017 Audited Financial Statements**

**Date:** June 6, 2018

**To:** Executive Committee

**From:** Interim City Manager and Interim Chief Financial Officer

**Wards:** All

### **SUMMARY**

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This report contains recommendations for the actions necessary to comply with the requirements of the Ontario *Business Corporations Act* (OBCA) for holding the Annual General Meeting of the Shareholder of Invest Toronto Inc. (Invest Toronto) including receipt of its 2017 Annual Report and Audited Financial Statements. This report also recommends that the Shareholder exempt Invest Toronto from the requirements regarding the appointment and duties of an auditor in respect of the ensuing year.

As Invest Toronto is currently being wound up, consideration of this report is the final annual general meeting for Invest Toronto. Wind-up activities are near completion, and the City Manager as liquidator is preparing a technical report on the wind-up for the Shareholder, as required under the OBCA, for Executive Committee's consideration at the next possible opportunity.

### **RECOMMENDATIONS**

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The Interim City Manager and the Interim Chief Financial Officer recommend that:

1. City Council treat the portion of the City Council meeting at which this report is considered as the Annual General Meeting of the Shareholder for Invest Toronto Incorporated by:
  - a. receiving the Invest Toronto 2017 Annual Report forming Attachment 1 to the report, and the Invest Toronto Inc. Audited Financial Statements December 31, 2017, forming Attachment 2 to this report;
  - b. receiving the Invest Toronto 2017 Executive Compensation Disclosure, forming Attachment 3 to this report; and

c. consenting to the exemption from the requirements of the Ontario Business Corporations Act regarding the appointment and duties of an auditor in respect of the ensuing year.

2. City Council direct the City Clerk to forward a copy of Invest Toronto Inc. Audited Financial Statements December 31, 2017 forming Attachment 2 to the report, to the Audit Committee for information.

## **FINANCIAL IMPACT**

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There are no financial implications to the City resulting from the implementation of the recommendations in this report.

As at December 31, 2017, Invest Toronto's operations were in the process of being wound up and transitioned to Toronto Global in accordance with Council direction.

The Interim Chief Financial Officer has reviewed this Report and agrees with the financial impact information.

## **DECISION HISTORY**

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On July 4, 2017, City Council held the previous Annual General Meeting of the Shareholder for Invest Toronto and received the 2016 Audited Financial Statements. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.8>

Also on July 4, 2017, City Council approved the Board-approved Invest Toronto transition plan and transfer of assets to Toronto Global, re-appointed a temporary Board of Invest Toronto, and resolved to voluntarily wind-up Invest Toronto Inc. and appoint the City Manager to act as liquidator of the estate and effects of the Corporation. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.9>

On July 12, 2016, City Council approved participation in Toronto Global, a new Foreign Direct Investment Regional Agency. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.15>

On March 31, 2015, City Council approved Pricewaterhouse-Coopers LLP, Chartered Accountants, as the Auditor for 2015-2019 for the City and certain City Agencies, Corporations and other programs and funds. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AU1.20>

On July 11, 2012, City Council approved a requirement that Shareholder Directions for all wholly-owned City corporations be amended to require public disclosure to the extent permitted by law of individual executive compensation as part of the annual reporting to the Shareholder and where required obtain consent from executives. City Council also required that individual variable pay remuneration (one-time lump sums) not exceed

25% of an executive's base salary.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.19>

## **ISSUE BACKGROUND**

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City Council authorized the establishment of Invest Toronto Inc. on October 29-30, 2008 pursuant to section 148 of the *City of Toronto Act, 2006* and Ontario Regulation 609/06. Invest Toronto Inc. was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2008. The City is the sole Shareholder.

Subsection 154(1) of the OBCA requires that the Shareholder receive Invest Toronto Inc.'s audited annual financial statements and the report of the auditor at the annual general meeting of the Shareholder. Subsection 94(1) requires that the directors of Invest Toronto call an annual general meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting. As Invest Toronto was active for 6 months in 2017 prior to the Shareholder decision to appoint a liquidator of the Corporation, an annual general meeting is being held. Under section 148 of the OBCA, a corporation is exempt from the requirements of Part XII of the Act regarding the appointment and duties of an auditor if all of the shareholders consent in writing to the exemption in respect of that year.

Invest Toronto's Board of Directors approved its 2017 Annual Report (Attachment 1) and Audited Financial Statements (Attachment 2) on June 5, 2018.

## **COMMENTS**

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### **1. Key Invest Toronto Inc. Achievements in 2017**

The 2017 Annual Report from Invest Toronto highlights key Invest Toronto achievements (Attachment 1) and executive compensation for 2017 (Attachment 3). According to the report, Invest Toronto's activities last year have been focussed on the set up of Toronto Global, the transition of Invest Toronto's business to Toronto Global, and the wind-up of Invest Toronto's affairs.

### **2. Summary - Invest Toronto Inc. 2017 Audited Financial Statements**

Invest Toronto Inc.'s Audited Financial Statements ending December 31, 2017, are provided as Attachment 2 to this report.

## Statement of Financial Position

<b>Table 1: Summary Statement of Financial Position as at December 31, 2017</b>			
	<b>2017</b>	<b>2016</b>	<b>Change 2017 vs 2016</b>
Current Assets	\$893,470	\$1,281,857	
Tangible Assets	--	<u>\$97,144</u>	
<b>Total Assets</b>	<u>\$893,470</u>	<u>\$1,379,001</u>	(\$485,531)
Deferred Capital Contributions	--	\$97,144	
Deferred Contributions	\$66,697	\$240,379	
Other	<u>\$826,772</u>	<u>\$1,041,477</u>	
<b>Total Current Liabilities</b>	<u>\$893,469</u>	<u>\$1,281,856</u>	(\$485,531)
<b>Total Liabilities &amp; Shareholder's Equity</b>	<u>\$893,470</u>	<u>\$1,379,001</u>	

As at December 31, 2017, Invest Toronto had total assets of \$893,470, a decline of \$485,531 over fiscal 2016, as a result of the ongoing wind-up.

Tangible capital assets (computer equipment, furniture and fixtures, and leasehold improvements) were sold to Toronto Global during fiscal 2017 for \$86,977, a portion of which (\$20,279) was used to fund Invest Toronto's operations during 2017, with the balance (\$66,697) remaining as a deferred contribution as at year end. In addition, a portion of a 2016 grant received from TPLC (\$240,379) was used to fund 2017 operations.

As at December 31, 2017, Invest Toronto had current liabilities of \$893,469 (vs \$1,041,477 in fiscal 2016), inclusive of \$718,828 due to TPLC as reimbursement for funds it had advanced to Invest Toronto for its operations.

## Statement of Operations

<b>Table 2: Summary Statement of Operations for the year ended December 31, 2017</b>			
	<b>2017</b>	<b>2016</b>	<b>Change 2017 vs 2016</b>
<b>Revenues</b>			
Operating grant from TPLC	\$260,658	\$1,702,703	
Other revenues	\$61,978	\$258,160	
<b>Total</b>	<b>\$322,636</b>	<b>\$1,960,863</b>	<b>(\$1,638,227)</b>
<b>Expenses</b>			
Salaries and Benefits	\$185,415	\$891,329	
Professional fees, project costs	\$94,341	\$348,577	
Office rent and office expenses	\$32,713	\$508,361	
Other expenses	\$10,167	\$212,596	
<b>Total</b>	<b>\$322,636</b>	<b>\$1,960,863</b>	<b>(\$1,638,227)</b>
Operating surplus (loss)	<u>\$0</u>	<u>\$0</u>	

For the year ended December 31, 2017, Invest Toronto had total revenues of \$322,636, less than total revenues for fiscal 2016 of \$1.96 million as a result of the ongoing wind-up of operations. Total expenses in 2017 were also \$322,636, resulting in an operating surplus of \$0.

### 3. 2017 Executive Compensation

Invest Toronto has disclosed executive compensation information for senior management in Attachment 3 to this report as requested by City Council.

The protection of individual privacy is required by the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA). Specific compensation data of individual employees is protected personal information under MFIPPA.

Invest Toronto has indicated that senior management have consented to the public disclosure of individual compensation information contained in Attachment 3 and assured the City that there is no unauthorized release of personal information.

### 4. Next Steps

As Invest Toronto is currently being wound up, consideration of this report is the final annual general meeting for Invest Toronto.

Wind-up activities are near completion, and the City Manager as liquidator is exercising due diligence and preparing a technical report on the wind-up for the Shareholder, as required under the OBCA. This report will be brought forward to Executive Committee at the next possible opportunity (either to Executive Committee's July 17, 2018 meeting or their next meeting in 2019). As per the OBCA, with the consent of the Minister of

Finance, formal dissolution will take place approximately three months following the Shareholder's receipt of the liquidator's report and the filing of Articles of Dissolution.

## **CONTACT**

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## **SIGNATURE**

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Joe Farag  
Interim Chief Financial Officer

Giuliana Carbone  
Interim City Manager

## **ATTACHMENTS**

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Attachment 1: Invest Toronto Inc. 2017 Annual Report  
Attachment 2: Invest Toronto Inc. Audited Financial Statements December 31, 2017  
Attachment 3: Invest Toronto Inc. 2017 Executive Compensation