

Toronto Pan Am Sports Centre - Annual General Meeting and 2021 Audited Financial Statements

Date: June 27, 2022

To: Executive Committee

From: City Manager and Chief Financial Officer and Treasurer

Wards: All

SUMMARY

This report transmits materials submitted by the Board of Directors of the Toronto Pan Am Sports Centre (TPASC) to the City and recommends actions necessary to comply with the requirements of the Business Corporations Act, Ontario (OBCA) for holding the Annual General Meeting of the Shareholder of Toronto Pan Am Sports Centre Inc., including receipt of its Annual Report and Audited Financial Statements (Statements) for 2021 and appointment of the auditor for 2022. No independent review or analysis has been performed by City staff. Representatives from the Board of Directors for TPASC have confirmed all financial information was made available to the auditors for the performance of the audit.

This report contains recommendations to approve the 2022 operating and capital budgets of TPASC approved by the TPASC Board of Directors. Section 5.05(a) of the Unanimous Shareholders' Agreement of the Corporation as of December 18, 2013, provides that the annual operating and capital budgets shall be considered and approved by the Board and subject to approval by the Shareholders of the Corporation. The City and the Governing Council of The University of Toronto are the two Shareholders of TPASC.

The requirements of the OBCA regarding the annual general meeting and the requirements of the Unanimous Shareholders' Agreement regarding approval of the annual operating and capital budgets are being satisfied by written joint resolutions of the Shareholders, as provided in this report.

The OBCA provides that a resolution in writing signed by all the Shareholders entitled to vote on that resolution at a meeting of the Shareholders is as valid as if it had been passed at a meeting of the Shareholders; and a resolution in writing dealing with all matters required by the OBCA to be dealt with at an annual meeting of Shareholders, and signed by all the Shareholders entitled to vote at that meeting, satisfies all the requirements of the OBCA relating to that meeting of Shareholders.

TPASC's 2021 Statements were audited by Welch LPP and received an unqualified opinion stating that the financial statements present fairly, in all material respects, the financial position of the TPASC as of December 31, 2021, and its results of operations, for the year then ended, in accordance with Canadian Public Sector Accounting Standards.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council, in its capacity as one of the Shareholders of Toronto Pan Am Sports Centre Inc. adopt and authorize the City Manager to sign the Resolutions of the Shareholders attached as Attachment 1 to this report on behalf of the City that:

a) Financial Statements

The "Toronto Pan Am Sports Centre Inc. 2021 Annual Report, and the "Toronto Pan Am Sports Centre Inc. 2021 Audited Annual Financial Statements", including the auditor's report dated March 14, 2022, forming Attachment 2 and 3 to this Report are received.

b) Appointment of Auditors

Welch LLP are appointed as the Auditor of Toronto Pan Am Sports Centre Inc. for fiscal year 2022, and until the close of the next annual meeting of the Shareholders or until their successors are duly appointed, and the Board of Directors of Toronto Pan Am Sports Centre Inc. authorized to fix the remuneration of the Auditor.

c) Confirmation of Proceedings

All by-laws, contracts, acts, proceedings, appointments, elections and payments of any director or officer of Toronto Pan Am Sports Centre Inc. that were enacted, made, done or taken since the last annual meeting of Shareholders of Toronto Pan Am Sports Centre Inc. are approved, ratified, sanctioned and confirmed.

2. City Council adopt and authorize the City Manager to sign the Resolutions of Shareholders forming Attachment 4 to this Report,

a) Ratifying and approving the 2022 Operating and Capital Budgets of Toronto Pan Am Sports Centre Inc. attached as Schedule A and B to Attachment 4; and

b) Authorizing any two directors or officers to carry out the provisions of the resolutions passed by the Shareholders of Toronto Pan Am Sports Centre.

3. City Council direct the City Clerk to forward a copy of the "Toronto Pan Am Sports Centre 2021 Audited Annual Financial Statements", forming Attachment 3 to this Report, to the Audit Committee for information.

FINANCIAL IMPACT

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

The Toronto Pan Am Sports Centre Inc. Corporation has provided City staff with financial information, which is provided in this section of the report.

DECISION HISTORY

On July 14, 2021, City Council adopted the written resolutions and moved receipt of the audited financial statements and reports of the item *EX25.14 Toronto Pan Am Sports Centre - Annual General Meeting and 2020 Audited Financial Statements* as part of the report's approval by Council. This satisfied the requirements for the previous Annual General Meeting of the Shareholders of Toronto Pan Am Sports Centre.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX25.14>

ISSUE BACKGROUND

City Council authorized the establishment of Toronto Pan Am Sports Centre Inc. on October 8, 2013, pursuant to Section 148 of the City of Toronto Act, 2006, and Ontario Regulation 609/06. Toronto Pan Am Sports Centre Inc. (TPASC) was incorporated under the Business Corporations Act (Ontario) (OBCA) on December 18, 2013. A unanimous Shareholders' Agreement was executed on December 18, 2013, to govern the relationship of TPASC Inc. with the City of Toronto and the University of Toronto. The University of Toronto and the City of Toronto are equal Shareholders of TPASC Inc.

Subsection 94(1) of the OBCA requires that the directors of TPASC call an annual meeting of the Shareholder not later than fifteen months after holding the last preceding annual meeting. The last annual meeting was held by City Council on July 14, 2021. Subsection 154(1) of the OBCA requires the directors to place before each annual meeting of Shareholders, audited Statements for the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, and for the Shareholders to receive TPASC Inc.'s audited Financial Statements and the report of the auditor at the annual meeting of the Shareholder.

Section 149(2) of the OBCA, requires that the TPASC Shareholder at each annual meeting appoint one or more auditors to hold office until the close of the next annual meeting, and allows the Shareholder to authorize the directors to fix the auditor's remuneration.

Under section 104 of the OBCA, a resolution in writing dealing with all matters required by the OBCA to be dealt with at an annual meeting of shareholders, and signed by all

the shareholders, satisfies all the requirements of the OBCA relating to that meeting of shareholders.

Section 38 of the Toronto Pan Am Sports Centre Governance Agreement requires Toronto Pan Am Sports Centre to provide an annual update to City Council, in addition to the requirement of the OBCA to hold an annual general meeting.

COMMENTS

1. Appointment of Auditor

Under the OBCA, the auditor must be appointed annually by the Shareholders at the Annual General Meeting of the corporation. The auditor so appointed holds office until the close of the next Annual General Meeting of the Shareholders, or until a successor is appointed.

Welch LLP is to be appointed as the Auditor for Toronto Pan Am Sports Centre for fiscal year 2022. The Board of Directors of Toronto Pan Am Sports Centre will fix the annual remuneration of the Auditor.

2. Key Toronto Pan Am Sports Centre Achievements in 2021

The Toronto Pan Am Sports Centre is a legacy of the 2015 Toronto Pan Am and Parapan Am Games. It is operated by Toronto Pan Am Sports Centre Inc., a corporation co-owned by the City of Toronto and the University of Toronto. Both owners have prioritized maintaining the legacy and historical significance of the facility. The Toronto Pan Am Sports Centre Inc.'s 2021 Annual Report, forming Attachment 2 to this report, provides an overview of the corporation, its mission and strategy, as well as the operational highlights for the Centre in 2021.

3. Toronto Pan Am Sports Centre 2021 Audited Financial Statements

TPASC management has informed the City of Toronto that the Board of Directors, at their meeting on March 14, 2022, unanimously approved the "Audited Financial Statements for TPASC for year ended December 31, 2021", forming Attachment 3 to this report. Under the OBCA and provisions of the Unanimous Shareholders' Agreement, the Shareholders must receive the annual Audited Financial Statements at the Annual Meeting of the Shareholders.

TPASC is a partner corporation and is equally owned with the University of Toronto. TPASC Inc. retains the revenues it generates from the Sports Centre and is responsible for all operating and capital costs associated with the Sports Centre, with the exception of those that are the responsibility of other users pursuant to user agreements or other applicable agreements.

TPASC's 2021 Statements recognize a net operating deficit of \$0.09 million (a decrease of \$1.3 million over 2020), total assets of \$26.7 million (an increase of \$2.7 million over 2020), and total liabilities of \$2.6 million (an increase of \$0.1 million over 2020). The accumulated surplus increased by \$2.5 million in 2021 to \$24.1 million.

In 2021, TPASC received \$1.0 million in government assistance as part of the wage subsidy program and recovery hiring program. This support flowed directly to TPASC, meeting the program eligibility requirements. TPASC did not require any emergency funding from the City in 2021.

The 2021 financial results include \$0.3 million in license fees payable to Parks, Forestry and Recreation Division (PFR). In addition, TPASC received \$4 million for space cost and field of play recoveries from the City.

TPASC has no concern related to assets or liabilities, nor are any debt covenants held.

The Auditors have expressed an unqualified opinion on these statements and there were no significant findings or recommendations.

Further information on TPASC Inc.'s financial position and results can be found in Attachment 3 – Toronto Pan Am Sports Centre Inc. 2021 Audited Annual Financial Statements.

4. Toronto Pan Am Sports Centre 2022 Operating and Capital Budgets

Toronto Pan Am Sports Centre Inc. officials have informed the City of Toronto that the Board of Directors, at its meeting on September 20, 2021, unanimously approved the 2022 Operating Budget, and at the following meeting on December 8, 2021, unanimously approved the 2022 Capital Budget for Toronto Pan Am Sports Centre Inc. The 2022 Operating and Capital Budgets form Attachment 4 to this report. Under provisions of the Unanimous Shareholders' Agreement, the Shareholders must approve the annual Operating and Capital Budgets of Toronto Pan Am Sports Centre Inc. at the Annual Meeting of the Shareholders.

TPASC's 2022 Operating Budget shows planned revenues (including Legacy Fund amounts) of \$17.1 million and expenditures before reserve contribution of \$13.6 million for a surplus of \$3.5 million. After budgeted reserve contributions of \$3.9 million, the operating results are a deficit of \$0.3 million.

As noted in previous years, the projected Operating Budget deficit, if realized, could be offset with a reduction in the amount of the facility reserve contribution. TPASC has received federal government funding in fiscal 2022 through the Canadian Re-Hiring Program but has no concerns about the ability to operate in the future without any additional grants from the federal, provincial, or municipal government and did not include them in the budget for fiscal 2022.

CONTACT

Karen Jones, A/Director, Corporate Intergovernmental & Agencies Relations, (416) 397-4429, Karen.Jones@toronto.ca

Michael Smith, Solicitor, Legal Services, 416.392.7245, Michael.A.Smith@toronto.ca

SIGNATURES

Heather Taylor
Chief Financial Officer and Treasurer

Chris Murray
City Manager

ATTACHMENTS

Attachment 1: Toronto Pan Am Sports Centre Inc. Resolutions of Shareholders - Financial Statements, Appointment of Auditors, Confirmation of Proceedings

Attachment 2: Toronto Pan Am Sports Centre Inc. 2021 Annual Report

Attachment 3: Toronto Pan Am Sports Centre Inc. 2021 Audited Annual Financial Statements

Attachment 4: Toronto Pan Am Sports Centre Inc. Resolutions of Shareholders - Approval of Budgets

- Schedule A - Toronto Pan Am Sports Centre Inc., 2022 Operating Budget
- Schedule B - Toronto Pan Am Sports Centre Inc., 2022 Capital Budget