



**STAFF REPORT
ACTION REQUIRED
with Confidential Attachments**

**Invest Toronto – Annual General Meeting and
2014 Audited Financial Statements**

Date:	May 8, 2015
To:	Executive Committee
From:	City Manager and Deputy City Manager & Chief Financial Officer
Wards:	City-wide
Reason for Confidential Information	This report includes information pertaining to matters about identifiable individuals employed by a City agency.

SUMMARY

This report contains recommendations for the actions necessary to comply with the requirements of the *Business Corporations Act* (Ontario) for holding the Annual General Meeting of the Shareholder of Invest Toronto Inc. including receipt of its Annual Report and Audited Financial Statements for 2014 and appointment of the auditor for 2015.

This report also contains recommendations for receipt at the Annual General Meeting of the Shareholder of information disclosing the individual compensation of executive officers employed by Invest Toronto Inc. in 2014.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council treat that portion of the Council meeting at which this Report is considered as the Annual General Meeting of the Shareholder for Invest Toronto Inc. by:
 - a. Appointing Pricewaterhouse Coopers LLP, Chartered Accountants, as the Auditor of Invest Toronto Inc. for fiscal year 2015, and authorizing the Board of Directors of Invest Toronto to fix the remuneration of the Auditor;

- b. Receiving the "Invest Toronto 2014 Annual Report, Business Happens Here", and the "Invest Toronto 2014 Audited Financial Statements" contained within the 2014 Annual Report, forming Attachment 1 to this Report; and
 - c. Receiving the two-part report "Invest Toronto Inc. Executive Compensation Disclosure 2014", forming Attachment 2(a) and Confidential Attachment 2(b) to this Report.
2. City Council direct that Confidential Attachment 2(b) remain confidential in its entirety as it deals with personal information about identifiable individuals.
3. City Council direct the City Clerk to forward a copy of the "Invest Toronto 2014 Audited Financial Statements" contained within the 2014 Annual Report, forming Attachment 1 to this Report, to the Audit Committee for information.

FINANCIAL IMPACT

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

Invest Toronto's operations are supported by annual grants from the Toronto Port Lands Company (TPLC), in the amount of \$2.672 million in 2014, from TPLC's own revenues.

DECISION HISTORY

At its meeting on July 11-13, 2012, City Council in EX21.19 required 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 in EX21.19 also required that individual variable pay remuneration (one-time lump sums) not exceed 25% of an executive's base salary.

[Executive Compensation for City Agencies and Corporations](#)

That portion of the City Council meeting on July 8-11, 2014, where EX43.8 was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Invest Toronto Inc.

[Invest Toronto AGM and 2013 Audited Financial Statements](#)

ISSUE BACKGROUND

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)* (OBCA) 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 meeting of the Shareholder. Subsection 94 (1) requires that the directors of Invest Toronto Inc. call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting.

Section 149 (2) of the OBCA requires that Invest Toronto Inc.'s 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.

COMMENTS

1. APPOINTMENT OF AUDITOR

The City's Auditor General from time-to-time conducts a competitive process to select an external auditor. At its meeting on March 31-April 2, 2015, City Council in AU1.20 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 as set out in AU1.20.

As a result, Pricewaterhouse Coopers LLP is to be appointed as the Auditor for Invest Toronto Inc. for fiscal year 2015. The Board of Directors of Invest Toronto Inc. will fix the annual remuneration of the Auditor.

2. KEY INVEST TORONTO ACHIEVEMENTS IN 2014

Invest Toronto connected global business to opportunities in Toronto as the primary business, sales and marketing corporation for the City of Toronto. Invest Toronto offered one-on-one consultations to organizations making foreign direct investment decisions, assisting decision makers and site selectors while navigating through the transition process. Its services include: a complimentary concierge service for businesses; facilitation of interactions with sector experts and all three orders of government; and facilitation of business-to-business linkages.

The Invest Toronto 2014 Annual Report, *Business Happens Here*, provides information on Invest Toronto and contains highlights on activities and achievements in 2014:

- Worked with 158 foreign direct investment opportunities which represent new potential investments in Toronto and the GTA.
- Facilitated 24 new investments in Toronto and the GTA, contributing to the regional economy by creating new jobs and attracting new capital:
 - 180 immediate jobs, increasing to 768 by the end of 2015;
 - contributed \$19,800,000 to GDP, increasing to \$84,480,000 by the end of 2015; and
 - generated \$875,124 in property taxes.

Examples of Invest Toronto-supported new investment success stories in 2014 include:

Astek: A global consulting, information systems, and scientific and engineering firm, Astek's new Toronto office will enable them to grow business development opportunities throughout Canada and North America.

B&B FRP Manufacturing: B&B FRP Manufacturing designs, engineers and manufactures composite FRP rebar for use in construction and infrastructure projects, and its new Toronto location houses manufacturing and business development operations.

Greenland Group China: Greenland Group China is a real estate development company and one of the largest state-owned enterprises based in Shanghai, and since establishing its office in Toronto has already started construction of their first Canadian project in Toronto's entertainment district.

Monex Canada Inc./Banco Monex: Monex Canada Inc. is a specialist foreign exchange company providing spot and forward foreign exchange contracts to a client base of TSX-listed companies, large corporations and financial institutions from their new location in downtown Toronto.

Student Universe: From its new Toronto office, Student Universe offers discounted rates on flights, hotels and tours through its website and mobile applications to promote student and youth travel.

3. SUMMARY – INVEST TORONTO INC. 2014 AUDITED FINANCIAL STATEMENTS

Financial Results

This report provides a summary of Invest Toronto Inc.'s 2014 Audited Financial Statements (contained within the 2014 Annual Report in Attachment 1). For the year ended December 31, 2014, Invest Toronto Inc. recorded an operating surplus of nil.

The Corporation received a grant from Toronto Port Lands Company (TPLC), a related party owned by the City of Toronto, to cover operating and capital expenditures incurred

during the year. TPLC had been directed by City Council to support the Corporation during the first five years of operation; the Corporation and TPLC executed a grant agreement for a period of five years starting in 2009, with a provision for automatic renewal for subsequent periods of one year each. At the end of the five-year term ended December 31, 2013, the agreement was renewed for one year, and has been automatically renewed for 2015.

As at December 31, 2014, the total value of the TPLC grant was \$2.672 million – \$2.642 million used to fund operations and \$0.030 million used to fund capital additions. The Corporation also has an agreement with TPLC and Build Toronto Inc. to share certain administrative, accounting and other corporate services on a cost allocation basis.

Statement of Financial Position

The following table summarizes the Statement of Financial Position for Invest Toronto and compares the results for fiscal years 2014 and 2013:

Summary Statement of Financial Position As at December 31	2014	2013	2014 vs 2013
	(\$ million)		
Assets:			
Current assets	0.671	0.639	0.032
Tangible capital assets	0.055	0.089	-0.034
Total assets	0.726	0.727	-0.002
Liabilities:			
Current liabilities	0.671	0.639	0.033
Deferred capital contributions	0.055	0.089	-0.034
Total liabilities	0.726	0.727	-0.001
Shareholder's equity	0	0	0.000
Total liabilities & shareholder's equity	0.726	0.727	-0.001

For the year ended December 31, 2014:

- Current assets were \$0.671 million, an increase of \$0.032 million compared with the prior year-end.
- Current liabilities were also \$0.671 million, an increase of \$0.033 million compared with the prior year-end.
- Deferred capital contributions of \$0.055 million was the balance of the amortized grant received from TPLC for the purchase of office equipment and furniture, leasehold improvements and other tangible assets.
- The Corporation did not have any long-term liabilities due to third-parties.

Statement of Operations

The table below summarizes and compares the operating results for the years 2014 and 2013:

Summary Statement of Operations For the year ended December 31	2014	2013	2014 vs 2013
	(\$ million)		
Revenues:			
Operating grant from TPLC	2.642	2.518	0.124
Sponsorship revenue	0.125	0	0.125
Amortization of deferred capital contributions & other	0.122	0.125	-0.003
Total revenues	2.889	2.644	0.246
Expenses:			0.000
Salaries and employee benefits	1.787	1.665	0.122
Professional fees and project costs	0.084	0.123	-0.039
Office rent and office expenses	0.485	0.473	0.012
Other expenses	0.533	0.382	0.150
Total expenses	2.889	2.644	0.246
Operating surplus/(loss)	0.000	0.000	0.000

Total revenues in 2014 were \$2.889 million, over 90% of which was the TPLC operating grant of \$2.642 million. The balance (\$0.247 million or 9%) consisted of sponsorship revenue and the amortization of deferred capital contributions and other income.

Total expenses in 2014 were also \$2.889 million. Of the total expenses, \$1.787 million (or 62%) was paid out in staff salaries and benefits. The remaining amount of \$1.102 million was for professional fees and project costs, office expenses, office rent, and other expenses including promotion and marketing, meetings, seminars and conventions and amortization expenses.

4. EXECUTIVE COMPENSATION

Invest Toronto Inc. has disclosed executive compensation information for senior management in Attachment 2(a) and Confidential Attachment 2(b) 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 private information under MFIPPA.

Invest Toronto has indicated that senior management have consented to the public disclosure of individual compensation information contained in Attachment 2(a) and assured the City that there is no unauthorized release of personal information. Invest Toronto has advised that the disclosure of individual compensation information for former employees does not meet this requirement; therefore, the information in Confidential Attachment 2(b) must remain confidential in its entirety as it deals with personal information about identifiable individuals.

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SIGNATURE

Joseph P. Pennachetti
City Manager

Roberto Rossini
Deputy City Manager & Chief Financial Officer

ATTACHMENTS

Attachment 1: Invest Toronto 2014 Annual Report, Business Happens Here
Including: Invest Toronto 2014 Audited Financial Statements

Attachment 2(a): Invest Toronto Inc. Executive Compensation Disclosure 2014

Confidential

Attachment 2(b): Invest Toronto Inc. Executive Compensation Disclosure 2014