



## STAFF REPORT ACTION REQUIRED

### Invest Toronto Inc. – Annual General Meeting and 2015 Audited Financial Statements

<b>Date:</b>	May 9, 2016
<b>To:</b>	Executive Committee
<b>From:</b>	City Manager Deputy City Manager & Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### SUMMARY

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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 2015 and appointment of the auditor for 2016.

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 2015.

#### RECOMMENDATIONS

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**The City Manager and the Deputy City Manager & Chief Financial Officer recommend that:**

1. City Council treat that portion of the City Council meeting at which this report is considered as the Annual General Meeting of the Shareholder for Invest Toronto Inc. by:
  - a. Appointing PricewaterhouseCoopers LLP, Chartered Accountants, as the Auditor of Invest Toronto Inc. for fiscal year 2016, and authorizing the Board of Directors of Invest Toronto to fix the remuneration of the Auditor; and,

- b. Receiving the "Invest Toronto 2015 Annual Report, Building a Global Toronto", and the "Invest Toronto 2015 Audited Financial Statements" contained within the 2015 Annual Report, forming Attachment 1 to this report.
2. City Council receive the "Invest Toronto Inc. Executive Compensation Disclosure 2015", forming Attachment 2 to this report.
3. City Council direct the City Clerk to forward a copy of the "Invest Toronto 2015 Audited Financial Statements" contained within the 2015 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 \$2.380 million in 2015, from TPLC's own revenues.

### **DECISION HISTORY**

On September 30, 2015, City Council endorsed in principle the establishment of a new regional foreign direct investment attraction agency.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.ED6.2>

On June 10, 2015, that portion of the City Council meeting where EX6.3 was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Invest Toronto Inc.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX6.3>

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 adopted the 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**

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 the Auditor**

The City's Auditor General from time-to-time conducts a competitive process to select an external auditor. On March 31, 2015, City Council approved PricewaterhouseCoopers LLP, Chartered Accountants, as the Auditor for 2015-2019 for the City and certain City Agencies, Corporations, and other programs and funds.

As a result, Pricewaterhouse Coopers LLP is to be appointed as the Auditor for Invest Toronto Inc. for fiscal year 2016. The Board of Directors of Invest Toronto Inc. will fix the annual remuneration of the Auditor.

### **2. Key Invest Toronto Inc. Achievements in 2015**

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, assisted 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 2015 Annual Report, *Building a Global Toronto*, contains highlights on activities and achievements in 2015:

- Engaged with 172 foreign direct investment (FDI) opportunities which represented potential investments in Toronto and the Greater Toronto Area (GTA).
- Facilitated 25 new investments in Toronto and the GTA, which are contributing to the development of the regional economy by creating jobs and attracting new capital:
  - 117 immediate jobs, increasing to 287 within the next two to three years;
  - a \$12,870,000 contribution to GDP, increasing to \$31,570,000 within the next two to three years;
  - occupying 76,806 square feet of office and manufacturing space in the region; and,
  - generated \$913,032 in property taxes.

Examples of Invest Toronto-supported new investment success stories in 2015 include:

**Biolab Farmaceutica (GTA):** A Brazilian-owned, privately-held pharmaceutical company, Biolab chose the GTA for its new 1,000 square metre research and development centre. Invest Toronto worked with in-market provincial colleagues and counterparts in the City of Mississauga on this initiative to enhance the life sciences sector in the Toronto region.

**JLABS:** A collaboration between Janssen Inc, the Ontario Government, the University of Toronto and the MaRS Discovery District, this Johnson & Johnson Innovation incubator will support start-ups with lab space, programs and potential investment partners in the life sciences sector.

**Nanoleaf:** A sustainable startup technology company based in Hong Kong, Nanoleaf has designed the world's most efficient LED lightbulb. From its Toronto location, the company is developing a Smart LED bulb.

**Northeastern University:** A global leader in experimental learning, Northeastern University is set to launch its first international campus in 2016 in downtown Toronto. The campus will offer professional graduate programs that are tailored to meet the needs of learners and employers in the region.

**Soho Media:** A Luxembourg-based technology company, Soho Media Solutions relocated its Chicago office to Toronto to support its growing Canadian client base. Soho specializes in sports statistics software for print and digital publications.

### **Establishment of a New Regional Foreign Direct Investment Attraction Agency**

The Annual Report also notes Invest Toronto's activities that supported the development of a new regional foreign direct investment attraction agency. On September 30, 2015, City Council endorsed in principle the establishment of this new agency. A further report on the specifics of the new agency will be brought forward later in 2016.

Invest Toronto is bringing its best practices and insights to the new agency while maintaining client support to ensure seamless transition for potential investors. Relationships built by Invest Toronto over the last six years will continue to be nurtured to promote the business attributes of the entire region.

### 3. Summary – Invest Toronto Inc. 2015 Audited Financial Statements

#### Financial Results

This report provides a summary of Invest Toronto Inc.'s 2015 Audited Financial Statements (contained within the 2015 Annual Report in Attachment 1). For the year ended December 31, 2015, Invest Toronto Inc. recorded an operating surplus of nil.

Invest Toronto received a grant from Toronto Port Lands Company (TPLC) to cover operating and capital expenditures incurred during the year. TPLC had been directed by City Council to support Invest Toronto during the first five years of operation; Invest Toronto 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 automatically renewed for two one-year periods for a grant amount agreed to by the Board of Directors of both City Corporations. As of December 31, 2015, the total value of the TPLC grant was \$2.380 million – \$2.336 million used to fund operations and \$0.045 million used to fund capital additions. Invest Toronto also has an agreement with TPLC 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 2015 and 2014.

<b>Summary Statement of Financial Position</b> As at December 31		<b>2015</b>	<b>2014</b>	<b>2015 vs 2014</b>
(\$ million)				
<b>Assets:</b>				
Current assets		0.573	0.671	-0.098
Tangible capital assets		0.052	0.055	-0.004
	<b>Total assets</b>	<b>0.624</b>	<b>0.726</b>	<b>-0.102</b>
<b>Liabilities:</b>				
Current liabilities		0.573	0.671	-0.099
Deferred capital contributions		0.052	0.055	-0.004
	<b>Total liabilities</b>	<b>0.624</b>	<b>0.726</b>	<b>-0.102</b>
<b>Shareholder's equity</b>		<b>0</b>	<b>0</b>	<b>0.000</b>
<b>Total liabilities &amp; shareholder's equity</b>		<b>0.624</b>	<b>0.726</b>	<b>-0.102</b>

For the year ended December 31, 2015:

- Current assets were \$0.573 million, a decrease of \$0.098 million compared with the prior year-end
- Current liabilities were also \$0.573 million, a decrease of \$0.099 million compared with the prior year-end
- Deferred capital contributions of \$0.052 million were the balance of the amortized grant received from TPLC for the purchase of office equipment and furniture, leasehold improvements and other tangible assets
- Invest Toronto did not have any long-term liabilities due to third-parties

## Statement of Operations

The table below summarizes and compares the results for the years 2015 and 2014:

<b>Summary Statement of Operations</b> For the year ended December 31	<b>2015</b>	<b>2014</b>	<b>2015 vs 2014</b>
	(\$ million)		
<b>Revenues:</b>			
Operating grant from TPLC	2.336	2.642	-0.306
Sponsorship revenue	0.000	0.125	-0.125
Amortization of deferred capital contributions & other	0.167	0.122	0.045
<b>Total revenues</b>	<b>2.504</b>	<b>2.889</b>	<b>-0.386</b>
<b>Expenses:</b>			0.000
Salaries and employee benefits	1.418	1.787	-0.369
Professional fees and project costs	0.296	0.084	0.211
Office rent and office expenses	0.445	0.485	-0.040
Other expenses	0.345	0.533	-0.188
<b>Total expenses</b>	<b>2.504</b>	<b>2.889</b>	<b>-0.386</b>
<b>Operating surplus/(loss)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

Total revenues in 2015 were \$2.504 million, over 90% of which was the TPLC operating grant of \$2.336 million. The balance (\$0.167 million or 7%) consisted of a grant from the Government of Canada (pursuant to the Invest Canada-Community Initiatives of the Global Commerce Support Program), the amortization of deferred capital contributions and other income.

Total expenses in 2015 were also \$2.504 million. Of the total expenses, \$1.418 million (or 57%) was paid out in staff salaries and benefits. The remaining amount of \$1.085 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. 2015 Executive Compensation

Invest Toronto Inc. has disclosed executive compensation information for senior management in Attachment 2 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 and assured the City that there is no unauthorized release of personal information.

## **CONTACT**

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## **SIGNATURE**

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Peter Wallace  
City Manager

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Roberto Rossini  
Deputy City Manager & Chief Financial Officer

## **ATTACHMENTS**

Attachment 1: Invest Toronto 2015 Annual Report, Building a Global Toronto  
Including: Invest Toronto 2015 Audited Financial Statements

Attachment 2: Invest Toronto Inc. Executive Compensation Disclosure 2015