



## REPORT FOR ACTION

# Invest Toronto - Annual General Meeting and 2016 Audited Financial Statements

**Date:** June 2, 2017

**To:** Executive Committee

**From:** City Manager and Deputy City Manager & 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 *Business Corporations Act* (Ontario) for holding the Annual General Meeting of the Shareholder of Invest Toronto Inc. including receipt of its 2016 Overview and Audited Financial Statements for 2016, and appointment of the Auditor for 2017.

This report also contains recommendations for the receipt of information disclosing the individual compensation of executive officers employed by Invest Toronto Inc. in 2016.

## 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. and:

a. Appoint Pricewaterhouse Coopers LLP, Chartered Accountants, as the Auditor of Invest Toronto Inc. for fiscal year 2017, and authorizing the Board of Directors of Invest Toronto to fix the Auditor's remuneration;

b. Receive the "Invest Toronto 2016 Audited Financial Statements" including the 2016 Invest Toronto Inc. Overview, forming Attachment 1 to this report; and

2. City Council receive the "Invest Toronto Inc. Executive Compensation Disclosure 2016", forming Attachment 2 to this Report.

3. City Council direct the City Clerk to forward a copy of "Invest Toronto 2016 Audited Financial Statements" including the 2016 Invest Toronto Inc. Overview forming Attachment 1 to this 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. Invest Toronto's operations are supported by annual grants from the Toronto Port Lands Company (TPLC), in the amount of \$2.025 million in 2016, from TPLC's own revenues.

## **DECISION HISTORY**

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On May 31, 2017, the Board of Directors for Invest Toronto Inc. approved its Annual General Meeting materials including the 2016 Invest Toronto Overview, 2016 Audited Financial Statements, and 2016 Executive Compensation Disclosure.

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 June 7, 2016, City Council, where EX15.3 was approved by City Council, was the previous Annual General Meeting of the Shareholder for Invest Toronto and the 2016 Audited Financial Statements were received.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX15.3>

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 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) (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 TPLC 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 remuneration.

## **COMMENTS**

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### **1. Appointment of 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 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 a result, Pricewaterhouse Coopers LLP is to be appointed as the Auditor for Invest Toronto Inc. for this fiscal year 2017. The Board of Directors of Invest Toronto Inc. will fix the annual remuneration of the Auditor.

### **2. Key Invest Toronto Inc. Achievements in 2016**

Invest Toronto connected global businesses to opportunities in Toronto as the primary business, sales and marketing corporation for the City of Toronto.

Key achievements for 2016 include the following:

- Welcoming 11 new investments into the City of Toronto, resulting in 199 immediate jobs, and opening up 65 new opportunities for Toronto Global, a new foreign direct investment regional agency for the Greater Toronto Area.
- Missions to Brazil, South Korea, Taiwan and Japan in conjunction with the Consider Canada City Alliance and the federal government's Invest in Canada bureau.
- Continued focus on the United States market with targeted missions such as New York, San Francisco, Detroit and Chicago.

Invest Toronto offered one-on-one consultations to companies making foreign direct investment decisions, assisted decision makers and site selectors while navigating through the transition process to establish Toronto Global.

### **Establishment of Toronto Global**

The 2016 Invest Toronto Overview notes the significant contribution from Invest Toronto which supported the transition to Toronto Global. This included integrating operations with the Greater Toronto Marketing Alliance (GTMA), completing leasehold improvements, and setting up the new agency including full participation in establishing

the vision, mission, governance, organizational structure, processes, services, sales strategies, marketing and branding directions, performance metrics and targeted deliverables, and co-ordination protocols.

On July 9, 2016, City Council approved participation in this new foreign direct investment regional agency and directed Invest Toronto Inc.'s Board of Directors to submit a transition plan to the City as shareholder to inform next steps. Another report has been submitted to the June 19, 2017 meeting of the Executive Committee on this matter.

### 3. Summary - Invest Toronto Inc. 2016 Audited Financial Statements

Invest Toronto's 2016 Audited Financial Statements are provided as Attachment 1 to this report.

#### Statement of Operations

Table 1 - Summary Statement of Operations for the year ended December 31, 2016

	2016	2015	2016 vs 2015
<b>Revenues</b>			
Operating grant from TPLC	\$1,702,703	\$2,336,123	
Other revenues	\$258,160	\$167,413	
<i>Total revenues</i>	<i>\$1,960,863</i>	<i>\$2,503,536</i>	<i>(\$542,673)</i>
<b>Expenses</b>			
Salaries and benefits	\$891,329	\$1,418,051	
Professional fees, project costs	\$348,577	\$295,709	
Office rent and office expenses	\$508,361	\$445,116	
Other expenses	\$212,596	\$344,660	
<i>Total expenses</i>	<i>\$1,960,863</i>	<i>\$2,503,536</i>	<i>(\$542,673)</i>
<b>Operating surplus/(loss)</b>	<b>\$0</b>	<b>\$0</b>	

Total revenues in 2016 were \$1.96 million, including a TPLC operating grant of \$1.7 million (total operating grant was \$2.0 million, of which this amount was taken into income in 2016), a grant of \$219,316 from the federal Invest Canada-Community Initiatives of the Global Commerce Support Program (ICCI), and other income of \$38,844. Total expenses in 2016 were also \$1.96 million, for an operating surplus of \$0.

In 2015, Invest Toronto had received an operating grant from TPLC of \$2.3 million, an ICCI grant of \$116,203, and other income of \$51,210. Expenses for 2015 also matched revenues, for an operating surplus of \$0.

Invest Toronto has been economically dependent on TPLC to fund its operations. City Council had previously directed TPLC to support Invest Toronto during its first five years of operations. TPLC and Invest Toronto subsequently executed a grant agreement, which was terminated by TPLC as of December 31, 2015 pursuant to a City Council decision to transition Invest Toronto to a regional foreign direct investment agency which had been created. As a transitional funding arrangement until the regional agency is fully functional, quarterly grant agreements were entered into by Invest Toronto and TPLC for three quarters ended September 30, 2016.

## Statement of Financial Position

Table 2 - Summary Statement of Financial Position as at December 31, 2016

	2016	2015	2016 vs 2015
<b>Assets</b>			
Current assets	\$1,281,857	\$572,561	
Tangible capital assets	\$97,144	\$51,516	
<i>Total assets</i>	<i>\$1,379,001</i>	<i>\$624,077</i>	<i>\$754,924</i>
<b>Liabilities</b>			
Current liabilities	\$1,281,856	\$572,560	
Deferred capital contributions	\$97,144	\$51,516	
Total liabilities	\$1,379,000	\$624,076	
<i>Total liabilities &amp; shareholder's equity</i>	<i>\$1,379,001</i>	<i>\$624,077</i>	<i>\$754,924</i>

As at December 31, 2016, Invest Toronto had total assets of \$1,379,001, an increase of \$754,924 over fiscal 2015. Assets were comprised mainly of current assets in addition to furniture and fixtures, leasehold improvements, and computer equipment. TPLC grants provided for capital funding in 2016 of \$81,918 and in 2015 of \$44,511.

Invest Toronto had current liabilities of \$1,281,856 (vs \$572,560 in fiscal 2015), consisting of accounts payable and accrued liabilities (\$369,750), a payable to TPLC for funds advanced for operations (\$671,727), deferred contributions from TPLC (\$240,379), and deferred capital contributions of \$97,144 (also from TPLC).

#### **4. 2016 Executive Compensation**

Invest Toronto Inc. has disclosed 2016 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 Inc. 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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Roberto Rossini  
Deputy City Manager & Chief Financial Officer

Peter Wallace  
City Manager

#### **ATTACHMENTS**

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Attachment 1: 2016 Invest Toronto Inc. Overview

Attachment 2: 2016 Audited Financial Statements

Attachment 3: Invest Toronto Inc. Executive Compensation Disclosure for 2016