



REPORT FOR ACTION

2022 Budget Update

Date: August 18, 2021

To: Audit Committee of the Board of Directors of TO Live

From: President and CEO

SUMMARY

The purpose of this report is to provide the Board with an update on the 2022 Budget.

RECOMMENDATIONS

The President and Chief Executive Officer recommends that the Board of Directors of TO Live:

1. Approve the updated 2022 budget as presented in Attachment 1 with a City Subsidy request of \$8.059 million.

FINANCIAL IMPACT

There is no financial impact other than what is listed in the report.

DECISION HISTORY

At its June 18, 2021 meeting, the Board of Directors of TO Live directed the President and CEO, TO Live to forward the TO Live Budget submission to the Executive Director, Financial Planning, City of Toronto, to review, discuss and provide advice on the submission and the budget process and report back to the September 24, 2021 Board meeting with the results of the discussions and an updated budget submission.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.CT25.12>

COMMENTS

The Executive Director, Financial Planning, was provided with our 2022 budget presentation and related documents. As well, the Financial Planning team updated him on the challenges facing TO Live moving out of the pandemic and back into a normal operating cycle. TO Live Management met with the Executive Director of Financial Planning and the Financial Planning Team on July 6, 2021.

A discussion took place around how best to represent TO Live's 2022 budget request and the conclusion was to concentrate on presenting the budget pressures into two categories: COVID-19, and Recovery/Reopening.

Subsequent to the last presentation of the 2022 budget to the Board, Management has further identified opportunities to reduce remaining base budget pressures and to reinvest savings in strategic initiatives, resulting in a reduction in the City subsidy request of \$522k compared to the original request presented to the Board. The 2022 City subsidy request has been updated to \$8.059M, an increase of \$2.892M compared to the pre-COVID budget to address anticipated 2022 COVID pressure.

Attachment 1 reflects the outcome of the July 6, 2021 meeting, which includes the following changes:

- We were asked to compare the 2022 budget to the approved 2020 budget (in the City system) as this was the last approved budget prior to the onset of COVID-19.
- The City recently changed the method for managing insurance premiums across all City departments and agencies. Insurance charges are now budgeted corporately at the City. The offsetting funding would be reduced as well. Hence, our starting point for the opening subsidy changed from \$5.599M to \$5.166M (the 2020 insurance premium was \$432K). The insurance costs of \$189K was removed from our 2022 budget request.
- The Transfer to the Programming Reserve fund was removed (\$150K) to reduce the pressure on the City budget at this time.
- The Utilities budget was reduced by \$17K to assist TO Live fully absorbing the economic pressures into its base budget.
- While the initiatives are separated for the purposes of presenting them to the Board, the City recommended including them as part of the base budget as they are net neutral, i.e. fully funded, by increased revenue from earned revenues sources (\$166k).

The increase in subsidy for 2022 of \$2.892M, compared to the 2020 city subsidy is the impact of COVID-19. The impact is largely felt in revenue streams related to stage activity. Fewer large-scale events are budgeted affecting not only base rent and recoverables, but ancillary revenues such as concession sales and ticket rebates, as

well. The other revenue stream affected is corporate rentals, where the team has conservatively budgeted activity particularly around larger events which will take time to recover after the pandemic.

The updated summary (Attachment 1) was shared and reviewed by the Financial Planning Team and the Executive Director who have agreed with the revised presentation.

In summary, the updated request for the 2022 City subsidy is now \$8.059 because of the changes mentioned above.

2022 City Subsidy request summary		in '000s
2022 budget - original		\$8,581
2022 budget - updated		\$8,059
Decrease in subsidy by		\$522
Details:		
removed insurance premium costs		\$189
added additional revenue		\$166
removed transfer to Programming Reserve Fund		\$150
reduced utilities budget		\$17
		\$522

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SIGNATURE

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ATTACHMENTS

Attachment 1- 2022 Budget Request update