

# Toronto Pan Am Sports Centre Inc. 2022 Overview

## 1. Toronto Pan Am Sports Centre Inc.

Toronto Pan Am Sports Centre Inc. was incorporated under the Ontario Business Corporations Act (OBCA) on December 18, 2013, and was subsequently operationalized on February 10, 2014, with the inaugural meeting of the Board of Directors. A unanimous Shareholders' Agreement was executed on December 18, 2013, to govern the relationship of Toronto Pan Am Sports Centre Inc. with the City of Toronto and the University of Toronto. The University of Toronto and the City of Toronto are equal Shareholders of Toronto Pan Am Sports Centre Inc.

Under section 94(1) of OBCA the Directors of a corporation are required to call an annual meeting of Shareholders not later than eighteen months after the corporation comes into existence and thereafter not later than fifteen months following the last Annual General Meeting. The business to be transacted at a Toronto Pan Am Sports Centre Inc. Annual Shareholders Meeting is the election of the directors of whose term of office has expired, the appointment of the auditor, authorization for the directors to fix the auditor's remuneration, receipt of financial statements, approval of Operating and Capital Budgets, receipt of the Annual Report, and confirmation of corporation proceedings.

Alternatively, the requirements of holding an Annual General Meeting can be satisfied by both Shareholders signing the appropriate resolutions without holding a meeting, addressing the matters that need to be addressed at the Annual General Meeting, pursuant to section 104 of the Business Corporations Act. The written resolutions dealing with all of the matters required by the OBCA to be dealt with at an Annual Meeting of Shareholders and signed by the duly authorized representatives of all the Shareholders entitled to vote at that meeting, satisfies all the requirements of the OBCA relating to the 2023 Annual Meeting of Shareholders.

## 2. 2022 Toronto Pan Am Sports Inc. Operating Highlights

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 University of Toronto. The Toronto Pan Am Sports Centre Inc.'s. 2022 Annual Report, forming Attachment 6 to this report, provides an overview of the corporation, its mission and strategy, as well as the operational highlights for the Centre in 2022.

## 3. Annual General Meeting

Under the OBCA the business to be completed at an Annual General Meeting of Shareholders includes the confirmation of the directors of the corporation, the appointment of the auditor, receipt of financial statements, and confirmation of the corporation's proceedings since the last Annual Meeting of the Shareholders. The unanimous Shareholders' Agreement dated December 18, 2013, also requires that the annual Operating and Capital Budgets be approved by the Shareholders at the Annual General Meeting.

#### **4. 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.

Toronto Pan Am Sports Centre Inc. undertook a Request for Quotation (RFQ) process in 2014 for an external auditor and engaged Welch LLP, Chartered Accountants, as the external auditor of Toronto Pan Am Sports Centre Inc. for a five-year period covering fiscal years 2014 to 2018. A five-year extension to this contract was approved by the Board of Directors at their meeting on March 14, 2019. The initial appointment of Welch LLP, Chartered Accountants as auditor for Toronto Pan Am Sports Centre Inc. was approved by City Council in 2015 and renewed each year from 2016 through 2022.

#### **5. Financial Statement Summary**

The 2023 budget projects an operating surplus before capital of \$3.96M before capital contribution, there is no need for any financial assistance.

Toronto Pan Am Sports Centre Inc. received all of the expected field of play and space cost recoveries from the City of Toronto and University of Toronto in fiscal 2022 and paid the \$375,000 license fee to each of the City of Toronto and University of Toronto as planned. There are no variances in the due to or from obligations with the City of Toronto or any related parties.

Toronto Pan Am Sports Centre Inc. has no concern related to assets or liabilities, nor are any debt covenants held.

#### **6. Summary – 2022 Audited Financial Statements**

Toronto Pan Am Sports Centre Inc. management have informed the City of Toronto that the Board of Directors, at their meeting on March 27, 2023, unanimously approved the "Audited Financial Statements for Toronto Pan Am Sports Centre Inc. for year ended December 31, 2022", 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.

The Audited Financial Statements are presented for the fiscal year 2022. The Auditors have expressed an unqualified opinion on these statements and there were no significant findings or recommendations. When comparing the actual results to the "cash-basis" budget, there is one technical difference. The Legacy Fund revenues are technically treated as Share Capital contributions, even though they are revenues for business purposes. There was \$4.479 million contributed for the year 2022, which was classified as Share Capital issued. The Statement of Operations (page 5 of 15) shows an Operating Deficit of (\$1,086,695), and lower down shows Capital Stock issued in the amount of \$4,479,175. The result for the year 2022 is a \$2.5 million cash surplus, which increased the accumulated surplus at the end of the year from \$24,069,336 to \$26,520,467.

## **7. 2022 Operating Financial Results – “cash-basis”**

The Operating Financial Statements for 2022 show a surplus of \$3,860,070 before the contribution to the Capital Reserve Fund of \$3,940,929. After the Capital Reserve Fund contribution, the result is an operating deficit of \$80,859. The difference between these results and the audited statements results above is the treatment of the Legacy Funds of \$4,479,175, which are shown as revenue, and contributions of \$3,940,929 to the Capital Reserve Fund, which is treated as an expense. Amortization expenses are captured in the Capital Reserve Fund.

## **8. 2023 Budgets**

Toronto Pan Am Sports Centre Inc. officials have informed the City of Toronto that the Board of Directors, at its meeting on September 30, 2022, unanimously approved the 2023 Operating Budget, and at the following meeting on December 5, 2022, unanimously approved the 2023 Capital Budget for Toronto Pan Am Sports Centre Inc. The 2023 Operating and Capital Budgets form Attachments 5 & 6 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.

The 2023 Operating Budget shows planned revenues (including legacy fund amounts) of \$18,459,090 and expenditures before reserve contribution of \$14,494,648 for a surplus of \$3,964,442. After budgeted reserve contributions of \$3,940,929, the operating results are a surplus of \$23,513.

## **9. The Future Outlook**

Toronto Pan Am Sports Centre Inc. has no concerns related to operating, cash flow, liabilities, or sustainability now, or in the future. We were able to successfully deliver on our Strategic Plan during the pandemic. The corporation 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 2023.

## **10. Board Composition**

City of Toronto representatives to the Board include two (2) public appointments and three (3) City of Toronto staff who were all appointed in April 2021 for a two-year term.