

Attachment 4

Lakeshore Arena Corporation - Annual General Meeting and 2023 Audited Financial Statements

Date: June 7, 2024

To: Board of Directors, Lakeshore Arena Corporation

From: Graham Cocking, Executive Director

Wards: All

SUMMARY

This report recommends that the Board of Directors of Lakeshore Arena Corporation (LAC) recommend to City Council actions necessary to comply with the requirements of the Business Corporations Act, Ontario for holding the Annual General Meeting of the Shareholder of LAC, including receipt of its Annual Report and Audited Financial Statements (Statements) for 2023 and appointment of the auditor for 2024.

LAC's 2023 Statements were audited by Welch LLP and received an opinion stating that the financial statements present fairly, in all material respects, the financial position of the LAC as at December 31, 2023, and its results of operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

This report also recommends that City Council receives information disclosing the individual compensation of executive officers employed by LAC in 2023.

RECOMMENDATIONS

The Executive Director advises that the Board of Directors of LAC:

1. Recommend that 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 Lakeshore Arena Corporation, and:
 - a. receive Board-approved the "Lakeshore Arena Corporation 2023 Annual Report", and the "Lakeshore Arena Corporation 2023 Audited Financial Statements", forming Attachments 1 and 2 to this Report, respectively;
 - b. appoint Welch LLP as the Auditor of Lakeshore Arena Corporation for fiscal year 2024, and authorize the Board of Directors of Lakeshore Arena Corporation to fix the remuneration of the Auditor; and,

c. receive the "Lakeshore Arena Corporation Executive Compensation Disclosure 2023", forming Attachment 3 to this Report;

2. Recommend that City Council forward a copy of the "Lakeshore Arena Corporation 2023 Audited Financial Statements", forming Attachment 2 to this Report, to the Audit Committee for information.

3. Authorize the Executive Director, on behalf of the Board, and their respective designates, to take all actions and execute all necessary documents to implement the above recommendations.

FINANCIAL IMPACT

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

In 2023, LAC achieved its highest recorded ice rental revenue and related activity in the history of the facility. Ice rental revenue in 2023 was \$4.15 million (\$3.47M, 2022).

LAC's 2023 Financial Statements recognize a net operating surplus of \$0.57 million (\$0.04M, 2022), total assets of \$30.4 million, and total liabilities of \$30.0 million. The accumulated surplus decreased to \$0.37 million.

No emergency funding was required by LAC from the City in 2023 and all outstanding interest payments to the City of Toronto were fully repaid. The line of credit with the City of Toronto for \$1.0 million at 3% per annum, to cover periodic operating cash flow shortfalls, was fully drawn as of December 31, 2023 as it was in 2022. The line of credit is unsecured and there are no specific terms for repayment.

At year-end, the Infrastructure Ontario (IO) capital loan was \$22.1 million and all loan payments are in good standing. The details of the loans outstanding are found in Note 8 in the Notes to the Financial Statements.

Lakeshore Arena is required to contribute 50% of its net operating income before amortization to the Lakeshore Arena Capital Reserve Fund (XR3035), which are reflected as return of capital contributions to a limit of \$8.1 million. This reserve provides a source of funding for Parks, Forestry and Recreation through its 10-Year Capital Plan to undertake capital work in future years for LAC. As outlined in Note 10 to the financial statements, the distribution of \$2.21M is outstanding and due to the City of Toronto as of December 31, 2023.

Further information on LAC's financial position and results can be found in Attachments 1 and 2.

DECISION HISTORY

At its meeting of April 23, 2024, the Board of Directors received the Audited Financial Statements of LAC, operating as the Ford Performance Centre. LAC's 2023 Statements were audited by Welch LLP and received an opinion stating that the financial statements present fairly, in all material respects, the financial position of the LAC as at December 31, 2023, and its results of operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

On July 19, 2023, that portion of the City Council meeting where *EX6.17 Lakeshore Arena Corporation - Annual General Meeting and 2022 Audited Financial Statements* was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Lakeshore Arena Corporation. [Agenda Item History – 2023.EX6.17 \(toronto.ca\)](#)

On July 19, 2022, that portion of the City Council meeting where *EX34.32 Lakeshore Arena Corporation - Annual General Meeting and 2021 Audited Financial Statements* was approved by Council, was considered the previous Annual General Meeting of the Shareholder for Lakeshore Arena Corporation. [Agenda Item History - 2022.EX34.32 \(toronto.ca\)](#)

At its meeting of July 19, 2022, City Council approved the renewal of the outstanding capital loan issued by the City to the Lakeshore Arena Corporation for a three-year period commencing on November 1, 2022 and ending October 31, 2025. [Agenda Item History - 2022.EX34.17 \(toronto.ca\)](#)

On November 3, 2015, Council adopted recommendations to partially write-down a loan to Lakeshore Arena Corporation, as recovery of the loans was considered unlikely and further, to set those entities on a more sustainable footing for future operations. [Agenda Item History - 2015.EX9.10 \(toronto.ca\)](#)

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. [Agenda Item History - 2012.EX21.19 \(toronto.ca\)](#)

On July 12, 2011, City Council adopted *EX7.1 Restructuring of Relationship with Lakeshore Lions Arena Incorporated* authorized a line of credit to the Corporation in an amount not to exceed \$1,000,000, with interest at the rate of 3% annually calculated monthly, for the purpose of covering periodic operating working capital cash shortfalls, to be repaid in full, and to be funded from the City's own working capital. [Agenda Item History - 2011.EX7.1 \(toronto.ca\)](#)

ISSUE BACKGROUND

City Council authorized the establishment of Lakeshore Arena Corporation on July 12th, 2011, pursuant to Section 148 of the City of Toronto Act, 2006, and Ontario Regulation

609/06. LAC was incorporated under the Business Corporations Act (Ontario) (OBCA) on July 19, 2011. The City is the sole shareholder.

Subsection 94(1) requires that the Board of Directors of LAC call an annual meeting of its Shareholder by no later than fifteen months after holding the last preceding annual meeting. The last annual meeting was held by City Council on July 19, 2022. Subsection 154(1) of the OBCA requires that the Shareholder receive LAC's audited financial statements and the Auditor's Report at the annual meeting of the Shareholder.

Section 149(2) of the OBCA requires that the LAC 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.

The Shareholder Declaration to LAC requires the Corporation to provide an annual report on its progress to City Council and its executive compensation.

COMMENTS

This report advises that the Board of Directors of LAC recommend to City Council actions necessary to comply with the requirements of the Business Corporations Act, Ontario (OBCA) for holding the Annual General Meeting of the Shareholder of LAC, including receipt of its Annual Report and Audited Financial Statements (Statements) for 2022 and appointment of the auditor for 2023.

This report recommends that the Board of Directors of LAC recommends that City Council appoint Welch LLP as the Auditor for Lakeshore Arena for fiscal year 2023, and that the Board fix the annual remuneration of the Auditor.

Section 5 of the City's Shareholder Declaration to LAC, issued in 2017, requires that LAC prepare an annual report for City Council, and Section 8 requires reporting on executive compensation. The compensation paid to the corporation's executive officers is required to be disclosed pursuant to the Province of Ontario's public disclosure of the salary and benefits paid in respect of employment in the public sector under the Public Sector Salary Disclosure Act, 1996. This report provides information on individual compensation of executive officers in Attachment 3.

SIGNATURE



Graham Cocking
Executive Director
Lakeshore Arena Corporation

ATTACHMENTS

Attachment 1: Lakeshore Arena Corporation 2023 Annual Report

Attachment 2: Lakeshore Arena Corporation 2023 Audited Annual Financial Statements

Attachment 3: Lakeshore Arena Corporation Executive Compensation Disclosure 2023