

Lakeshore Arena Corporation - Annual General Meeting and 2024 Audited Financial Statements

Date: June 26, 2025

To: Executive Committee

From: Graham Cocking, Executive Director, Lakeshore Arena Corporation

Wards: All

SUMMARY

The Board of Directors of Lakeshore Arena Corporation (LAC) recommends 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 2024 and appointment of the auditor for 2025.

LAC's 2024 Statements were audited by Welch LLP and received an opinion stating that the financial statements present fairly, in all material respects, the statement of financial position of the LAC as at December 31, 2024, 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 2024.

RECOMMENDATIONS

The Board of Directors of Lakeshore Arena Corporation recommends 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 Lakeshore Arena Corporation, and:

a. receive the Board-approved "Lakeshore Arena Corporation 2024 Annual Report", and "Lakeshore Arena Corporation 2024 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 2025, 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 2024", forming Attachment 3 to this report.

FINANCIAL IMPACT

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

In 2024, LAC achieved its highest recorded ice rental revenue and related activity in the history of the facility. Ice rental revenue in 2024 was \$4.2 million (2023: \$4.2 million).

LAC's 2024 Financial Statements recognize a net operating surplus of \$0.5 million (2023: \$0.6 million), total assets of \$30.1 million (2023: \$30.4), and total liabilities of \$27.2 million (2023: \$30.0). The accumulated surplus increased to \$2.8 million (2023: \$0.3 million).

At year-end, the Infrastructure Ontario (IO) capital loan was \$21.3 million, and all loan payments are in good standing. The details of the loans outstanding are found in Note 7 in the Financial Statements.

In 2024, LAC's formula for annual distributions for fiscal 2024 and subsequent years was revised - the new formula allows LAC to contribute 65% of its net operating income, excluding amortization, to the Lakeshore Capital Reserve Fund. The new formula also resulted in the cancellation of distributions of \$2.2 million that were previously payable to the City. LAC's distribution for fiscal 2024 was \$0.3 million, which was paid to the City in early 2025.

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

DECISION HISTORY

At its meeting of April 30, 2025, the Board of Directors received the Audited Financial Statements of LAC, operating as the Ford Performance Centre. LAC's 2024 Statements were audited by Welch LLP and received an opinion stating that the financial statements present fairly, in all material respects, the statement of financial position of the LAC as at December 31, 2024, 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.

At its meeting on October 9 and 10, 2024 City Council approved to amend the Unanimous Shareholder Declaration for Lakeshore Arena Corporation, with such amendments to include Lakeshore Arena Corporation to make an annual shareholder capital contribution to the City, due by the end of each fiscal year, and based on its prior year audited financial statements, with the contribution equal to 65 percent of net

revenues in excess of expenses before amortization and excludes debt principal repayments, to be deposited into the Lakeshore Arena Capital Reserve Fund; this revised formula is intended to replace any previous formulas relating to the return of capital contributions, commencing in 2025 in relation to the 2024 fiscal year; and together with amounts deposited between 2016 and 2023, the total amount shall be to a limit of \$8.1 million.

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) of the OBCA 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 2024 and appointment of the auditor for 2025

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 2025, and that the Board fix the annual remuneration of the Auditor.

Section 8 of the City's Amended Shareholder Declaration to LAC, issued in 2024, requires that LAC prepare an annual report for City Council, and Section 11 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

A handwritten signature in black ink, appearing to read 'Graham Cocking', with a large, stylized loop at the end.

Graham Cocking
Executive Director
Lakeshore Arena Corporation

ATTACHMENTS

Attachment 1: Lakeshore Arena Corporation 2024 Annual Report

Attachment 2: Lakeshore Arena Corporation 2024 Audited Annual Financial Statements

Attachment 3: Lakeshore Arena Corporation Executive Compensation Disclosure 2024